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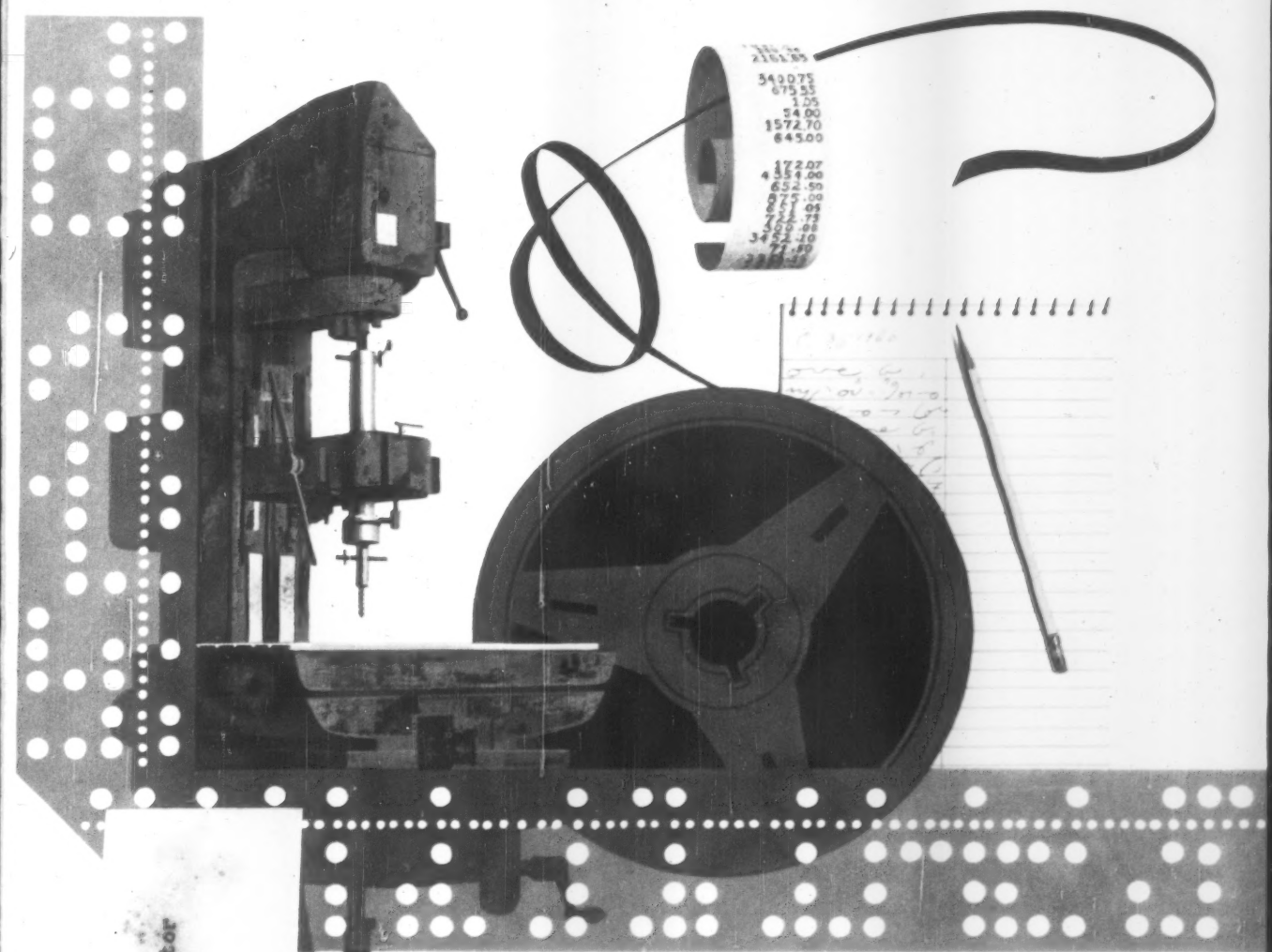
AND MODERN INDUSTRY

April 1960 75¢

- CAN YOU GET IT CHEAPER ABROAD?
- BIG STEEL'S BIG BOSS SPEAKS OUT
- MYTH OF THE PRODUCTION WIZARD



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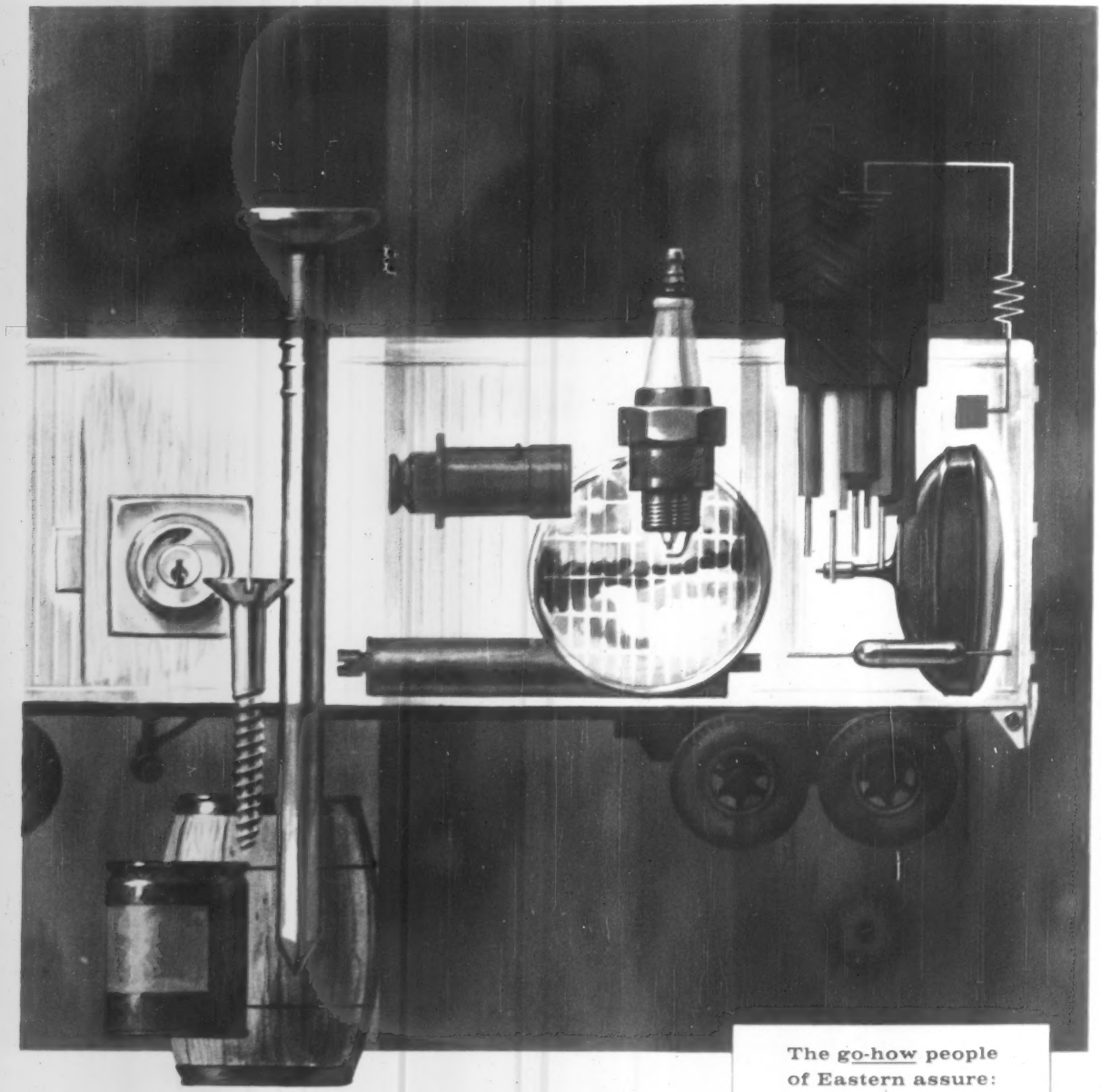

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DUN'S REVIEW AND MODERN INDUSTRY

VOLUME 75, NUMBER 4

April 1960

5 *The Trend of Business*
6 *Looking Four Quarters Ahead*
13 *Business Failures*
17 *Washington Business Front* JOSEPH R. SLEVIN
23 *Voice of Industry*
41 *Editorial*

42 *When You Automate: How to Avoid Labor Woes* ALBERT C. LASHER
45 *Big Boss at Big Steel* AN INTERVIEW WITH ROGER M. BLOUGH
48 *Payoff for Performance* ARCH PATTON
51 *Special Events: It Pays to Be Friendly* HAL GOLDEN
54 *The New Internationalists* AN INTERVIEW WITH JUSTICE WILLIAM O. DOUGLAS
56 *The Myth of the Production Wizard* CLARENCE B. RANDALL
59 *Meeting the Import Challenge: U. S. Industry Goes Overseas* MELVIN MANDELL
64 *Today's Silent Office Revolution* MELVIN J. GOLDBERG
75 *Consumer Goods Leasing—A Promising New Market* ART ZUCKERMAN

72 *Executive Bookshelf*
83 *Managing Your Manpower* LAWRENCE STESSIN
93 *Inside Industry*
99 *Sales & Distribution*
107 *International Markets* ALEXANDER O. STANLEY
112 *Focus on Finance* GERALD M. LOEB
121 *Capital Views & Previews* PAUL WOOTON
124 *Ideas at Work*
132 *New Product Parade*
138 *The Reviewing Stand*

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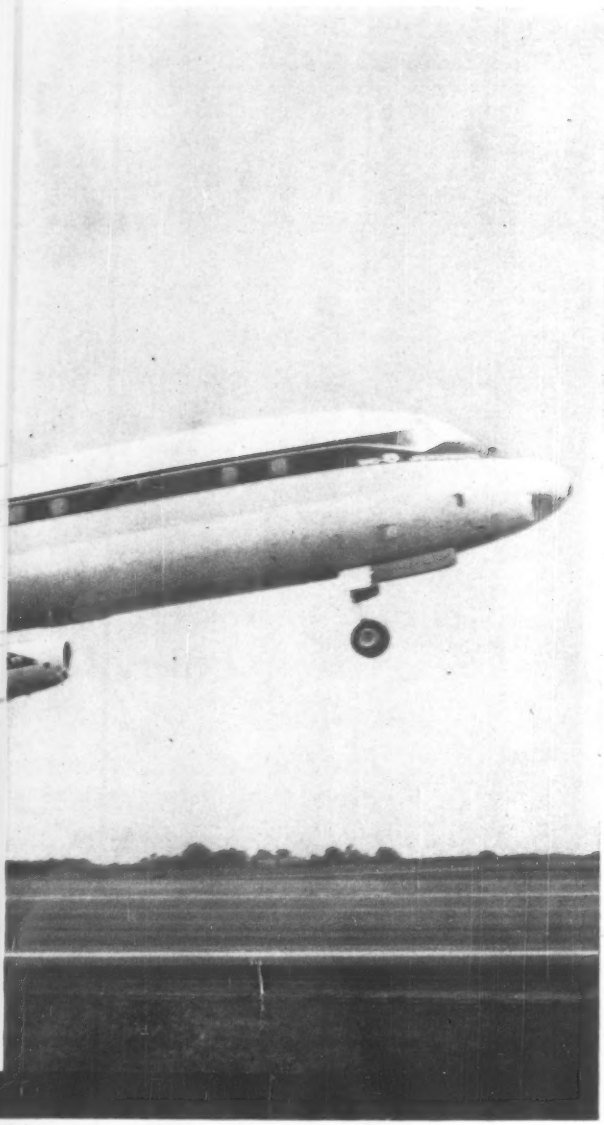

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Beyond the political and ideological arguments over trade with the Communist bloc nations, here's a rundown on some practical angles that any company ought to consider if it's thinking about doing business east of the Iron Curtain.

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That's the question uppermost in the minds of a growing number of American business men. Here, for the first time, are facts on what U.S. industry's key men think should be done about the problem—and what they're actually planning to do.

√ The Myth of the Almighty Dollar

A lot of executives who ought to know better are trying to run their companies on the basis of a strange assumption about human motivations. In this article Clarence B. Randall exposes the basic fallacy behind many compensation plans.

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Top Washington analyst Joseph R. Slevin takes DUN'S REVIEW readers behind the scenes in Washington to learn how the latest developments in the nation's capital will affect business in the months ahead.

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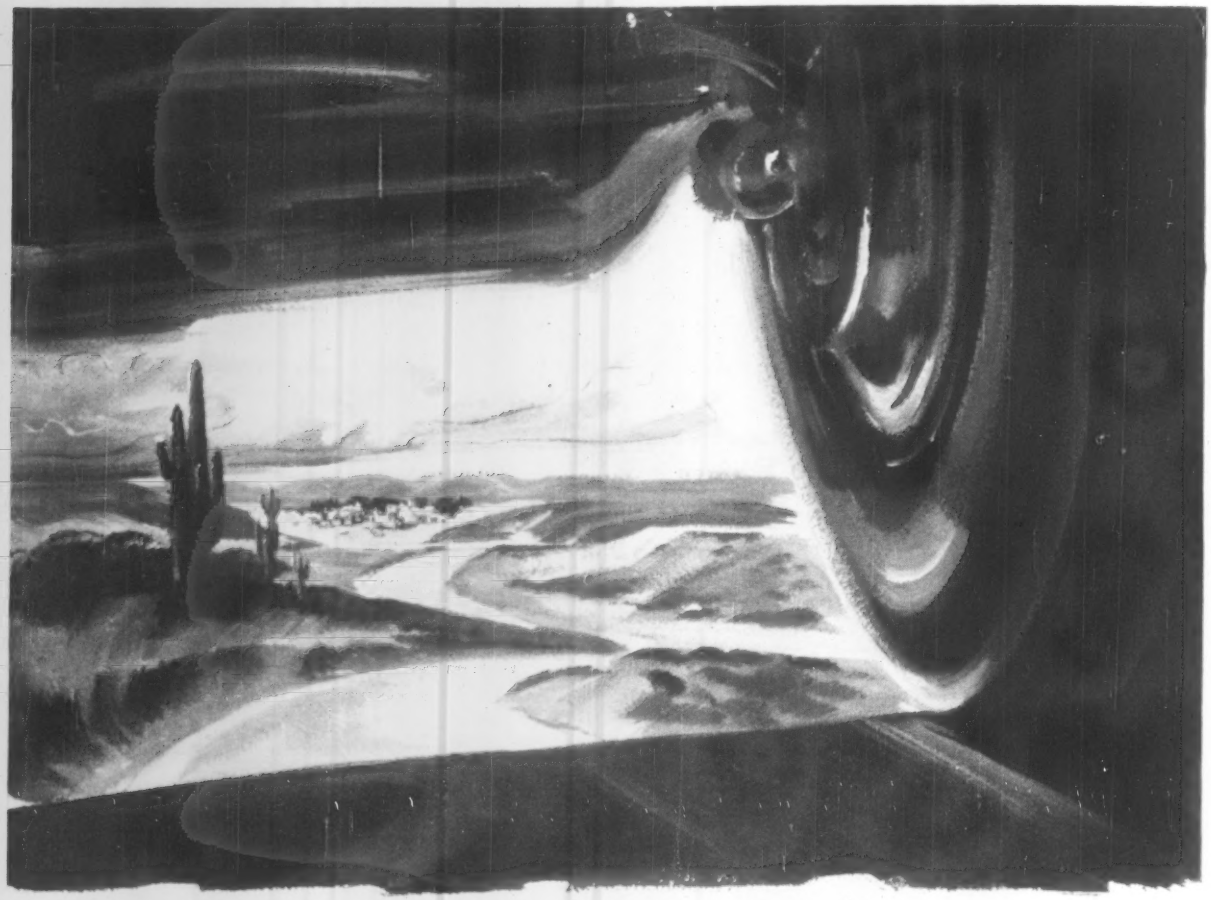

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The Trend of BUSINESS

Output: *Production will edge up until mid-year*

Inventories: *Slower gains in prospect*

Sales: *Retail volume promises to stay high*

Failures: *Casualty rate declines fractionally*

ALTHOUGH many records have been broken since the start of 1960, the rate of business expansion in recent weeks has been a little disappointing. Further gains in such broad areas as industrial production, consumer spending, and inventory accumulation will occur, but in the coming months nothing of boom proportions is likely.

Industrial production will edge up steadily until mid-year, when it will reach its new peak.

A level somewhere in the mid-170's (1947–49=100) is in prospect for the Federal Reserve Board's index of industrial production at the end of the first half—a gain of 2 or 3 per cent from the current level. This let-up in the rate of increase from that of early this year will reflect a slackening in the output of steel, automobiles, and coal.

High stocks of petroleum will hold production in that industry, too, to current levels. With recent sales below expectation, appliance makers will revise their production schedules downward, but moderate gains are likely in the output of the paperboard, lumber, apparel, and electric power industries. Over-all industrial output will gain support from the higher production levels in textiles, furniture, and machinery.

The months immediately following the mid-year peak will find the industrial production index coasting along at a high level. What happens thereafter depends, of course, on consumer and business spending.

Steel production will dip to somewhere around 80 per cent of rated capacity in the second quarter.

New orders for steel will continue slack in the months ahead, which will prompt mills to reduce their production levels slightly.

Many steel customers have not built up their inventories as much as was previously expected. In the weeks ahead domestic steel production will also continue to feel the effects of the upsurge in commitments for foreign steel made during the strike. These orders could not be cancelled or deferred. But steel exports should move ahead substantially as the overseas market for automobiles, appliances, and other consumer products expands.

Despite the recent leveling off in new orders, most steel men still feel that the industry is in for a record year. They expect a noticeable rise in output and orders in the last quarter, as customers attempt to beat expected price rises on steel products.

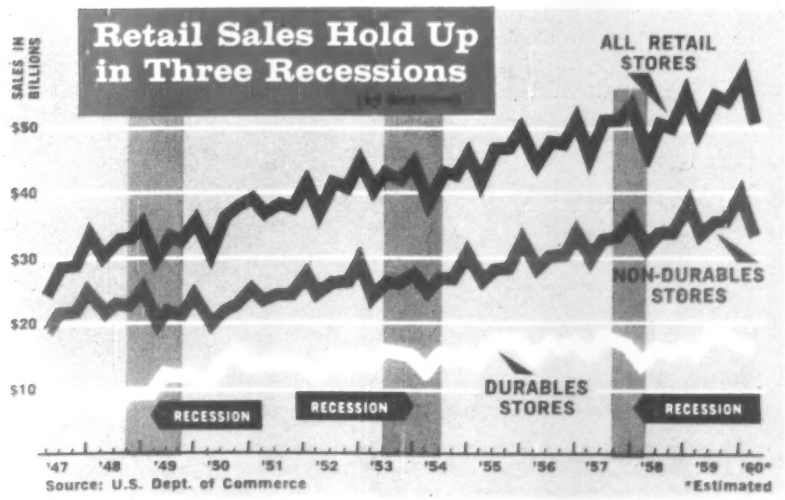
Auto output will not match early 1960 levels in the months immediately ahead.

Although dealers' sales have been running considerably ahead of what they were a year ago, automobile production has shown even greater gains and dealers' inventories are at extremely high levels. This will discourage factories from stepping up production much from current levels, unless the spring upturn in sales is quite a bit greater than is now expected.

Compact cars will continue to account for more of the market for domestic automobiles and will make further inroads in the sales of foreign models.

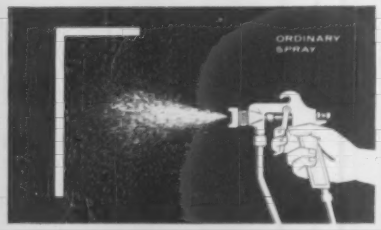
Gains in business inventories will be less striking than they were early this year.

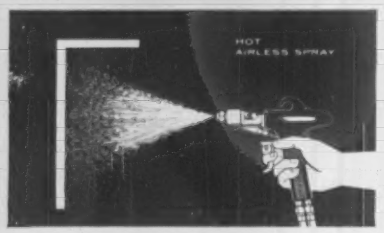
Industrial production will draw less support from inventory accumulation during the rest of the first half. Most



SALES OF RETAIL STORES *held up well during the three post-war recessions, helping offset declines in spending by business men for inventories and new plant and equipment.*

where there is paint fog... there is paint waste!





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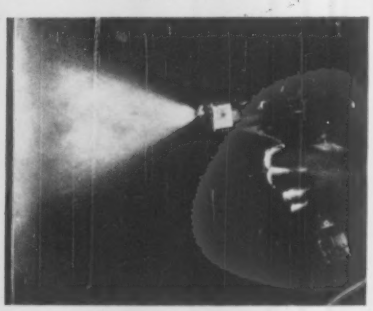

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users affected by the steel walkout are satisfied with their steel supply levels, and many business men in other lines are becoming more cautious about adding to their holdings. In consequence, the rate of increase in inventory levels will subside in the months ahead, even though stocks will still be relatively low in relation to sales, perhaps reflecting a trend towards a more cautious and conservative inventory policy.

Further indication that inventory levels are apt to show less strength was reflected in recent reports on manufacturers' new orders. Weaknesses were found in new orders for both durable and non-durable goods. But manufacturers will find new orders and sales remaining at comparatively high levels in the coming months, and any fluctuations will be minor. Orders for durable goods, however, will show a little more change than those for non-durables.

Wholesale and retail activity should improve with a turn in the weather.

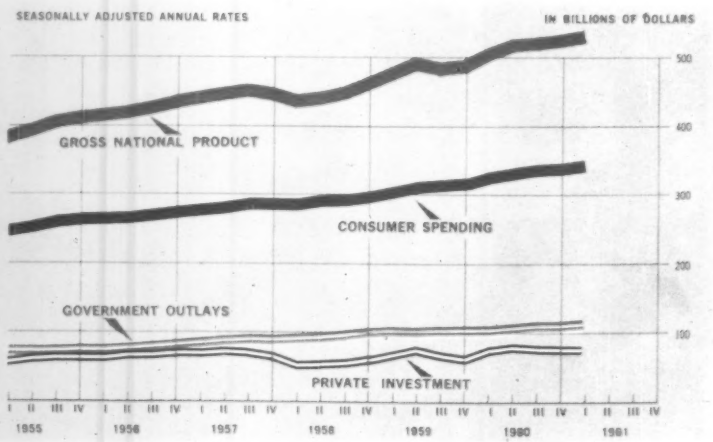
In recent weeks, wholesalers found reorders for spring apparel, housewares, hardware, and garden implements standing up encouragingly well, despite adverse weather conditions. But, in contrast, they found furniture and appliance sales rather disheartening. They are hoping for clement weather in the next few weeks to encourage consumer buying—which, in turn, would prompt retailers to step up their orders.

Sales of appliances and furniture are likely to snap back in the weeks ahead, and the appreciable year-to-year gains of early 1960 will be restored. This will be accomplished mainly through extensive promotions, but replacement by housekeepers of worn-out appliances and other household furnishings will also strengthen sales.

Sales of Easter merchandise suf-

Looking Four Quarters Ahead

Quarters		Consumer spending	Government outlays	Private investment	Gross national product
1959	II	311.2	97.7	75.9	484.8
	III	313.3	98.4	67.0	478.6
	IV	317.0	97.4	69.0	483.5
1960	I	321.5	98.7	80.8	501.0
	II	328.8	99.2	79.6	507.6
	III	332.0	100.4	80.3	512.7
	IV	336.0	101.5	80.7	518.2
1961	I	338.5	102.8	80.2	521.5



Figures through the fourth quarter of 1959 are seasonally adjusted annual rates in billions of dollars, as reported by the National Income Division, Department of Commerce. Figures for the first quarter of 1960 and later are estimates prepared by Edwin B. George and Robert J. Landry of the Business Economics Department of Dun & Bradstreet, Inc.

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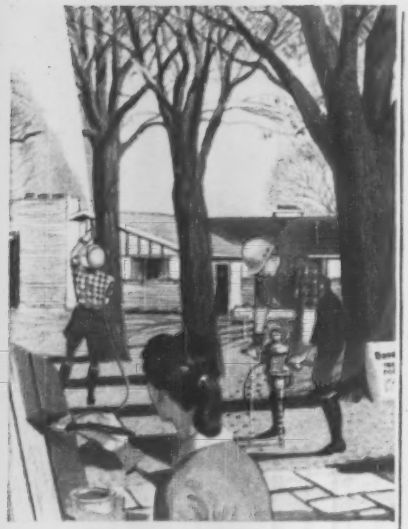

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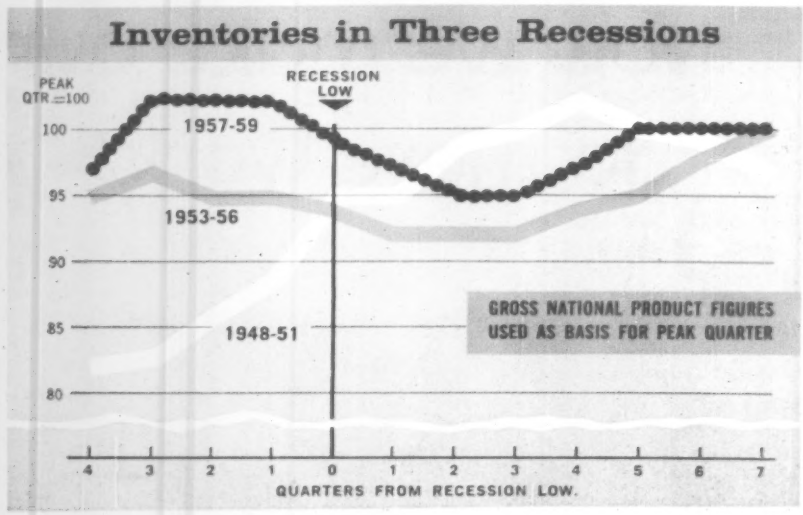


THE RISE IN TOTAL BUSINESS INVENTORIES *that began in the last quarter of 1958 was interrupted in the second half of 1959. Source: United States Department of Commerce.*

fered from the snowstorms and unseasonably cold weather of early March. Retailers are hopeful that a good part of these losses will be recouped with a late spurt in sales of spring clothing.

Continued high levels of consumer buying will be supported by record or near-record levels of personal income and employment.

Comparatively high levels of industrial production in the months ahead will mean more people at work than ever before. And they will be making more money. The rate of increase in personal income, however, will slow up a bit and will not match that of the first half of 1959. Further slight increases in average weekly earnings and average hours worked in manufacturing will contribute much to holding personal income at high levels.

Buying on time will still be popular, but the rate of increase in consumer installment credit is unlikely to match the average for 1959 unless there is a sharp rise in sales of new passenger cars. Auto debt accounts for the largest portion of consumer credit outstanding.

Reflecting business men's confidence in the strength of the economy, new plant and equipment expenditures are likely to match earlier records.

Although money is tight and first-quarter profits are unlikely to live up to original expectations, business men plan to boost spending for new plants and equipment to nearly $37 billion in 1960. This is about the same as in 1957, which a recent joint survey by the U.S. Department of Commerce and the Securities and Exchange Commission labels a record year.

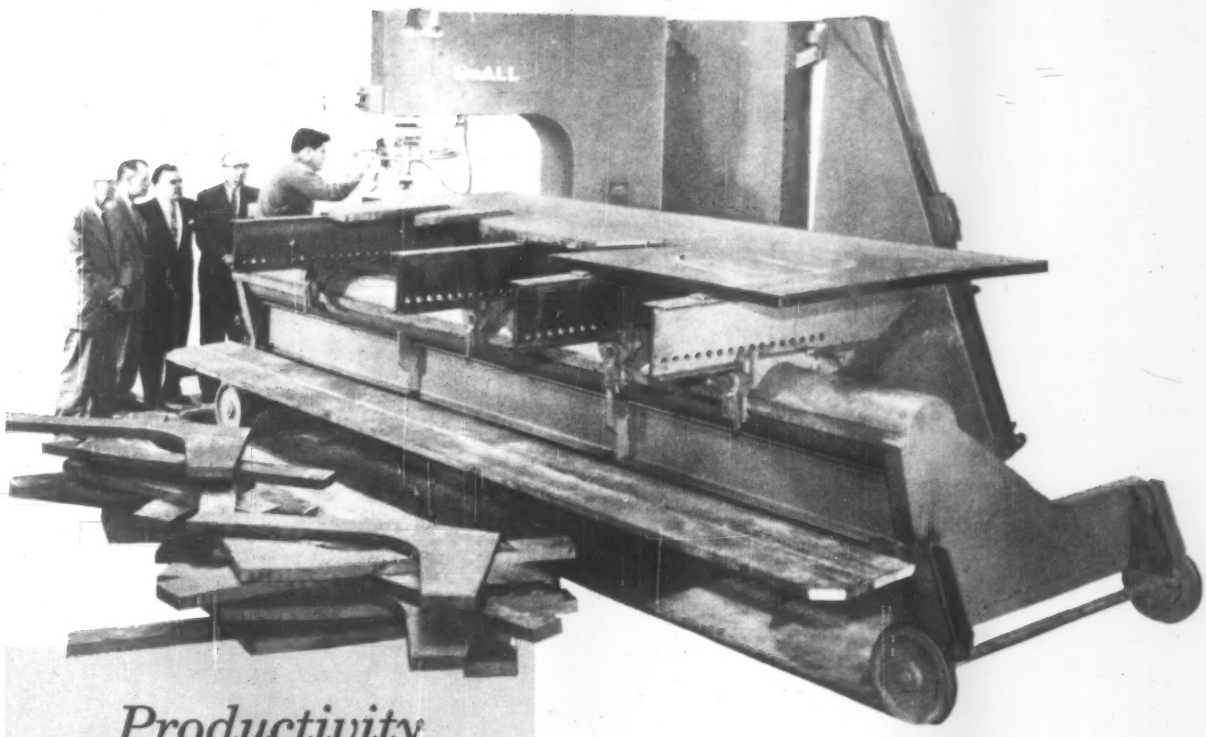
This would lift such expenditures 14 per cent over what they were a year ago, with the most noticeable gains in manufacturing, especially in durable goods industries. In looking further ahead, it is likely that some time early in 1961, plant and equipment spending will level off or begin to decline.

Perhaps an important stimulant to the current rise is the attempt manufacturers are making to secure more modern and efficient equipment. With it, they feel, they can hold the price line on their products and compete more successfully with both domestic and foreign competitors.

This will mean a pickup in new domestic orders for machine tools, which were off early this year. Foreign orders will continue to rise, reflecting the gains in industrial activity abroad.

Business expansion will mean more industrial construction.

Outlays for industrial building will continue to show sharp year-to-year increases throughout the rest of 1960. This, along with more commercial building—for offices, warehouses, and stores—will offset declines in residential and highway construction in the months ahead. Over-all construction in 1960 is likely to be close to what it was in 1959.



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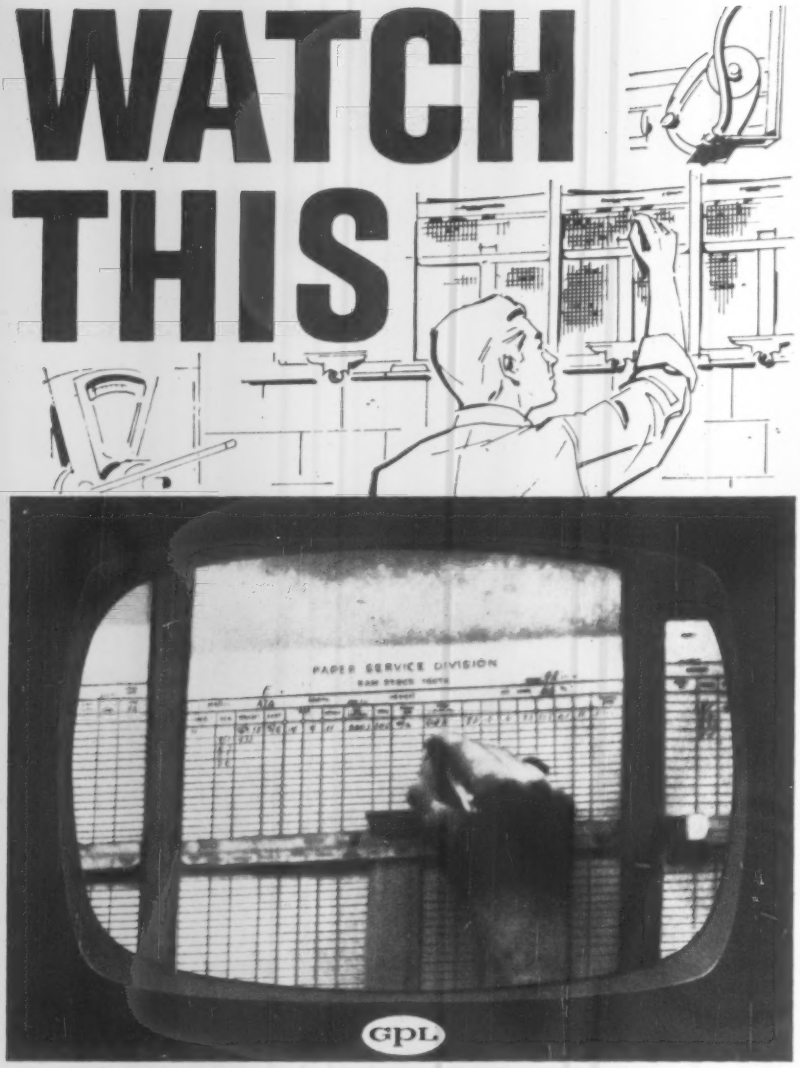

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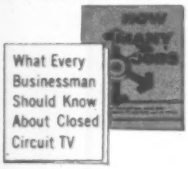

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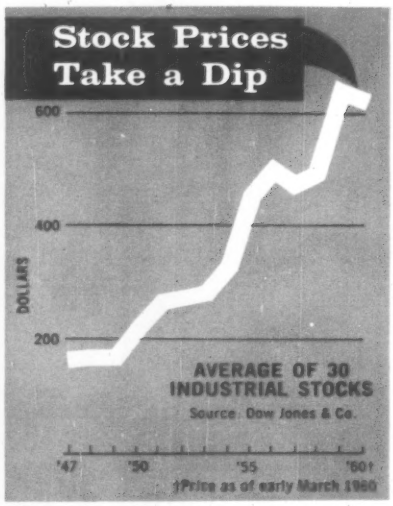
PLEASANTVILLE, NEW YORK

More money for mortgages may brighten housing prospects

Although the number of new housing starts early this year was appreciably below that of a year ago, it was still at a relatively high level. The outlook for the rest of the year does not seem as gloomy as it once did. There is a chance that mortgage money may become more easily available, with mortgage rates remaining at current levels. This could encourage home buying and prevent a sharp decline in the level of housing starts.

The drop in housing construction may also be lessened by the fact that inflation fears have recently subsided a bit. No appreciable increase in housing costs is likely to come about in the months ahead.



SO FAR *this year, stock prices have shown moderate declines from the high levels that were reached late in 1959.*

As a matter of fact, the prices of most commodities and services will show only minor changes in the immediate future, although they may, of course, start to edge up somewhat later in the year if the Federal budget shows a deficit and financing is done through commercial banks.

Business men and Government officials were encouraged by the marked rise in U.S. exports and the dip in imports that occurred early in 1960 which cut into the balance-of-payments deficit.

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.

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What is Ryder System?

Ryder System, Inc. is one of the fastest growing companies in the U.S. The Ryder companies employ 5900 people in 36 states and two foreign countries. Their revenue rate is now more than $100 million a year.

Primarily, Ryder System through its subsidiaries is active in two fields—trucking and truck leasing.

an "uncommon" common carrier

Ryder's Common Carrier Division operates 3492 tractors and trailers serving a 26-state area with its corners at Florida, New York, Minnesota and Texas. What makes it "uncommon" is its remarkable growth. Its revenue rate is $46 million annually . . . an increase of over 100% in just 5 years.

Ryder Truck Lines are distribution carriers serving cities in a ten-state area from Virginia to Texas. It owns truck lines operating from the Atlantic Coast to the Middlewest, and a nation-wide truck rental and leasing network . . . owning a total of 25,400 vehicles. Other subsidiaries are active in leasing industrial and business equipment. Recently, Ryder entered the field of manufacturing equipment related to the transportation world.

Ryder Tank Line, a carrier of petroleum, chemicals and related products, serves the larger area.

Pending before the I.C.C. are applications to acquire other lines, enabling Ryder to serve an even greater number of communities with greater efficiency.

With an ever increasing number of cities served by no other means of transportation, the potential for this division is virtually unlimited.

the Ryder leasing package concept

Ryder Truck Rental, Inc. with 16,000 trucks and now doing business at an annual rate of $53 million, dates back to 1933. Lately, it has added materials handling equipment and 4,000 cars to its lease plans. Ryder retains ownership of the units, insures them, paints them to specification and provides complete maintenance. The lessee supplies only the driver and retains complete control of use. Thus Ryder provides the means of transportation for personnel and products in the plant or over the highway with one monthly budgetable cost. This division, with main branches in over 100 key cities in 31 states and Canada, continues to expand rapidly.

Truck leasing, still an infant industry, is growing fast. Only 2% of registered trucks are leased, but an estimated 40% are prime Ryder prospects.

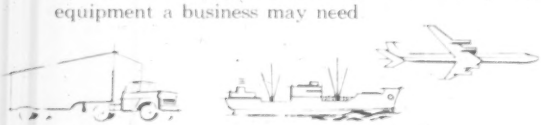
More about leasing—Ryder also leases business equipment and other capital goods to create a leasing package unique in American business and industry. Ryder's subsidiaries in the general leasing field own or act as broker for over $30 million worth of this equipment.

In the process, Ryder has acquired strong fiscal experience and backing which is helpful in setting up any kind of pay-as-you-use plan for leasing any equipment a business may need.

coordination coming

Through its carriers, Ryder is working on the development of many new areas of transportation coordination to achieve greater efficiency and economy. These include: Cooperation with railroads for pick-up, delivery and piggy-backing; joint rail and truck stations for single handling of less-than-truck-load freight; interchangeable containers for highway, rail, water and air cargo.

New and active is the department of Research and Engineering under the direction of one of the country's most outstanding automotive engineers. It works with manufacturers who supply material and equipment in the automotive industry, trains personnel, and develops policies on maintenance. The Ryder operating companies spend at the rate of $50 million a year, and this department's responsibility is to gain the maximum purchasing benefits, utilization and servicing economy for Ryder System.



stock widely held

Ryder System has been publicly financed for six years. Today, Ryder ownership is represented by approximately two million shares of common stock held by over eight thousand shareholders in all fifty states and in several foreign countries.

Ryder is growing at an annual rate in excess of 25%. With such a record of achievement and such prospects ahead, the future is bright.

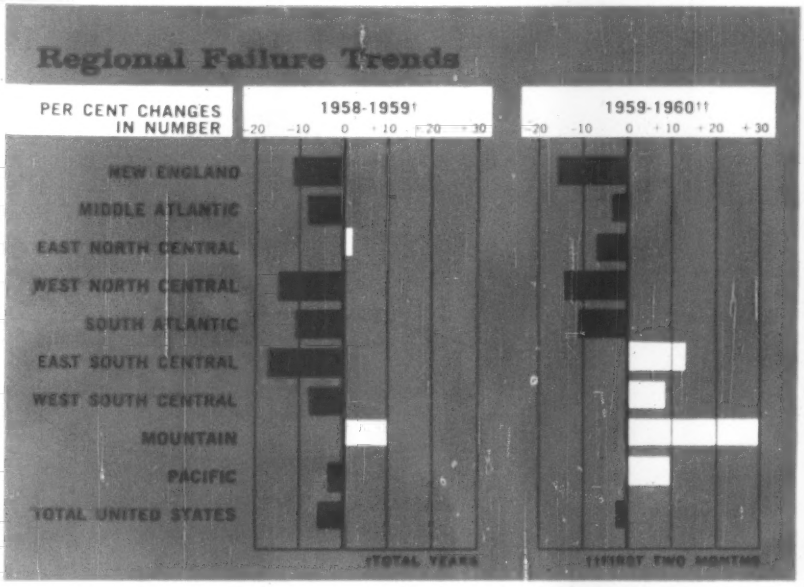
Write for copy of 1959 Annual Report

RYDER SYSTEM, INC.

P. O. Box 33-816, Miami, Florida

Business Failures

February tolls milder than seasonal
Liabilities mount by 14 per cent



BUSINESS failures rose 3 per cent in February to 1,214, the largest toll in eight months. But, as in January, the upturn was milder than the usual seasonal increase. Although casualties ran 5 per cent higher than in February a year ago, they remained below the post-war peak of 1,238 for the month, reached in 1958.

The failure rate, which relates the toll to the operating business population and is adjusted for seasonal variation, dipped fractionally to 50.7 casualties per 10,000 concerns listed in the DUN & BRADSTREET *Reference Book*.

The liability size of the failures climbed more noticeably than their number, pushing up 14 per cent to $60.9 million. This volume was boosted by six casualties in the million-dollar class, as against three in January.

In all types of operation except manufacturing, tolls rose between January and February. Casualties among retailers reached an eight-month high, and more construction contractors failed than in any month since May 1958. General builders accounted for the rise in the construction field, but retail failures rose above the January level in all trades except the automotive and restaurant lines. Most manufacturing industries held steady.

Fewer manufacturing and service businesses succumbed than in February of last year. However, construction mortality bulked 19 per cent heavier than a year earlier, and trade tolls rose 7 per cent in wholesaling (mostly among food and building materials dealers) and 5 per cent in retailing. Several retail trades suffered more

THE FAILURE RECORD

	Feb. 1960	Jan. 1960	Feb. 1959	% Chg. †
DUN'S FAILURE INDEX*				
Unadjusted	58.8	52.5	59.0	—0.3
Adjusted, seasonally	50.7	51.0	50.9	—0.4
NUMBER OF FAILURES	1214	1181	1161	+5
NUMBER BY SIZE OF DEBT				
Under $5,000	136	151	164	—17
$5,000–$25,000	597	508	543	+10
$25,000–$100,000	358	396	340	+5
Over $100,000	123	126	114	+8
NUMBER BY INDUSTRY GROUPS				
Manufacturing	196	210	207	—5
Wholesale trade	111	98	104	+7
Retail trade	609	587	582	+5
Construction	195	193	164	+19
Commercial service	103	93	104	—1
LIABILITIES (*In thousands*)				
CURRENT	$60945	$53671	$58592	+4
TOTAL	61661	55005	58592	+5

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Per cent change, February 1960 from February 1959.

In this record, a "failure" occurs when a concern is involved in a court proceeding or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supply companies, or the governments; they do not include long-term publicly held obligations.

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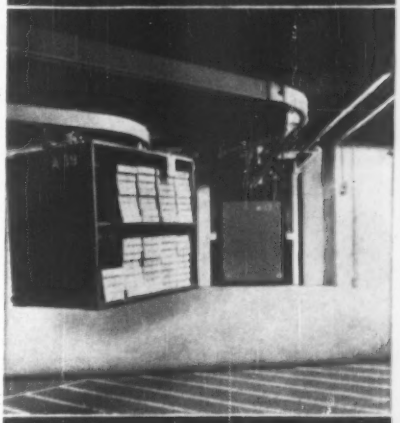
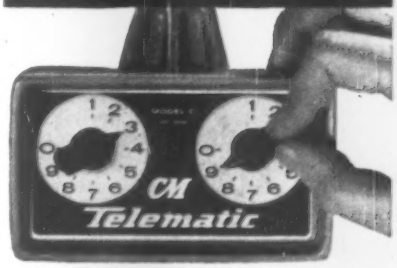
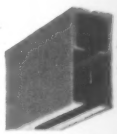


WITH TELEMATIC
AUTOMATIC DISPATCH CONTROL



• *Simply set dials and Telematic guides carrier to any station in system*



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casualties than in 1959—the sharpest increases centered in floor coverings, automotive, and drug stores.

Six of the nine major geographic regions reported more failing concerns than in January. While most of the increases were fractional, appreciable upturns prevailed in the South Atlantic states, boosted by Florida (with three times as many casualties as in January), and in the Mountain states, where the Colorado toll jumped. In the Pacific states, the rise was milder. Nonetheless, it lifted the region's toll to the highest level in six months.

Regional trends in comparison with February 1959 were mixed. Heavier mortality in five regions outweighed the declines noted in the New England, South Atlantic, and North Central states. Most large cities held close to year-ago levels; non-metropolitan districts accounted for both the month-to-month and year-to-year increases.

FAILURES BY DIVISIONS OF INDUSTRY

	Cumulative total (Two Months)		Liabilities in million $ (Two Months)	
	1960	1959	1960	1959
MINING, MANUFACTURING	406	422	37.9	34.5
Mining, coal, oil, misc.	16	10	3.5	1.9
Food and kindred products	34	27	2.5	2.3
Textile products, apparel	68	81	6.5	3.5
Lumber, lumber products	68	77	3.1	3.3
Paper, printing, publishing	26	29	1.4	1.4
Chemicals, allied products	14	13	1.0	.7
Leather, leather products	15	16	1.5	1.2
Stone, clay, glass products	5	9	1.0	1.4
Iron, steel, products	33	23	6.7	1.9
Machinery	38	44	4.0	4.2
Transportation equipment	17	15	1.0	1.5
Miscellaneous	72	78	5.7	11.2
WHOLESALE TRADE	209	236	15.7	15.8
Food and farm products	59	47	7.0	4.3
Apparel	3	9	.1	.4
Drygoods	8	4	.2	.0
Lumber, bldg. mats., hdwre	28	26	1.1	2.4
Chemicals and drugs	4	10	.1	.3
Motor vehicles, equipment	16	20	.4	1.9
Miscellaneous	91	120	6.8	6.6
RETAIL TRADE	1196	1224	32.6	55.5
Food and liquor	141	189	3.7	7.4
General merchandise	40	69	1.5	2.2
Apparel and accessories	184	210	4.4	16.4
Furniture, furnishings	182	161	6.0	6.0
Lumber, bldg. mats., hdwre	67	80	2.3	2.5
Automotive group	193	152	5.1	4.9
Eating, drinking places	216	216	5.5	8.4
Drug stores	29	17	.7	.6
Miscellaneous	144	130	3.4	7.1
CONSTRUCTION	388	352	22.8	15.2
General bldg. contractors	153	111	10.4	6.6
Building subcontractors	208	210	10.7	6.7
Other contractors	27	31	1.6	2.0
COMMERCIAL SERVICE	196	200	5.6	11.1
TOTAL UNITED STATES	2395	2434	114.6	132.2

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.

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WASHINGTON Business Front

JOSEPH R. SLEVIN

★ *Uncle Sam, currently pouring 10 per cent of his income into R&D, is letting industry do most of the spending.*

★ *Here's how the outlays currently stand—and which industries are getting the fattest share of Government research contracts.*

★ *Why is the dollar's purchasing power still slipping? A look at the record shows that one important villain is taxes.*

WASHINGTON, D.C.—The Federal Government has quietly become the chief sponsor of the country's research and development programs. Private industrial companies do most of the work. But the Government pays the lion's share of the cost.

The figures are startling. More than $12 billion will be spent on research and development projects in the United States this year, and about $8 billion of the total will come from the Federal Government. That means the Government has earmarked 10 per cent of its budget for R&D, mostly for military purposes. Industry will spend close to $4 billion. Universities, foundations, and other nonprofit institutions will contribute several hundred millions.

Research and development outlays have been climbing dramatically in recent years. As a nation we invested less than $500 million a year in R&D just before World War II, and only $5.4 billion as recently as 1953. This year's $8 billion Federal outlay total contrasts with Government R&D expenditures of $1 billion in 1950, and $2 billion in 1953.

More than 80 per cent of the Federal money is spent for national security projects. The budget for fiscal 1961, the year that will begin July 1, allocated $5.840 billion for Defense Department R&D programs and $1.054 billion for Atomic Energy Commission projects. The National Aeronautics and Space Administration is to receive $600 million for nondefense work.

Most is farmed out

Only a relatively small part of the Government money will go into research work in Federal laboratories. The National Science Foundation places the total at just under $1.8 billion. Most of the Federally-financed research will be carried out under contract by private industry. The Foundation estimates that industry will spend $9.4 billion on R&D this year and that more than half of the industry outlays will be financed by the Federal Government. The Foundation doesn't offer an exact figure but a good guess would be that the Government will put up close to $5.5 billion and that industry will pay less than $4 billion.

The biggest chunk of the Defense Department's R&D money will be used for missile development. The Pentagon will pay out substantial additional sums for aircraft projects and space programs, along with more conventional military experiments. The Defense Department is in charge of the R&D work on rocket payloads, upper-stage vehicle propulsion power, control systems, data recovery systems, and internal power sources for the payloads.

The National Aeronautics and Space Administration is responsible for very large thrust boosters, aeronautical and space vehicles, meteorological and passive communications satellites, the Project Mercury manned capsule, advanced propulsion techniques for liquid and solid fuel rockets, tracking systems, and a host of other space programs.

The Atomic Energy Commission's extensive R&D projects include civilian power reactors, military propulsion reactors for aircraft, missiles, and ships and exhaustive basic research in the biological and physical sciences.

Many of the Government's R&D programs have only military value, but a large number of the defense programs yield discoveries that are useful to the civilian economy. Two such contributions were the electronic computer and printed electronic circuits. Other examples are jet aircraft, mechanical smoke generators for crop protection, flame-proof fabrics, and certain weather prediction techniques.

Economists can't measure the precise contribution R&D makes to national economic growth, but they know it is enormous. New products and new processes lead to new investments in plant and equipment. They make for greater production and higher productivity, and they stimulate consumer demand and spending.

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reau survey of industrial R&D spending in 1957 points up anew the spreading influence of the Federal Government. The survey, made at the request of the National Science Foundation, disclosed that private industry spent $7.2 billion for R&D in 1957, of which $3.7 billion came from the Federal Government.

Who got how much

The heaviest spender was the aircraft industry. It paid out $2.5 billion for R&D and got 85 per cent of its funds from the Government. Next in line was the electrical equipment industry, which spent $1.2 billion and obtained 61 per cent of its money from the Government. The motor vehicle producers paid out $708 million with the help of a 30 per cent Federal contribution, and the nonelectrical machinery producers received 38 per cent of a $688 million R&D budget from the Treasury.

Other large Government outlays went to communications (54 per cent of $112 million), fabricated metal products (38 per cent of $110 million), scientific and mechanical instruments (30 per cent of $126 million), optical, surgical, photographic, and other instruments (29 per cent of $113 million). Eight industries supplied more than 90 per cent of their own 1957 R&D funds: petroleum refining, primary metals, food, industrial chemicals, drugs and medicines, other chemicals, paper, and the stone, clay, and glass industry.

The Eroding Dollar

The value of the dollar has fallen 9 cents during the past eight years, and about one-fourth of that loss can be traced directly to higher excise and property taxes, heavier postal rates, and stiffer charges for services.

States have been slapping on new sales taxes and increasing existing ones. The Federal Government last year boosted the gasoline tax. Local luxury taxes are climbing. So are real estate taxes. Auto registration fees have been moving higher.

The costs of a wide variety of regulated services have been rising steadily. Railroad and transit fares are two painfully familiar examples. Gas, electricity, telephone and water rates are four more illustrations. Each boost adds to the cost of living and trims a little more from the buying power of the dollar.

1. **Priced $142.00 less than last year!** There's more of everything in a Ford Fairlane 500. More room and comfort. More performance. More economy and dependability of operation. More value-holding style protects your investment.

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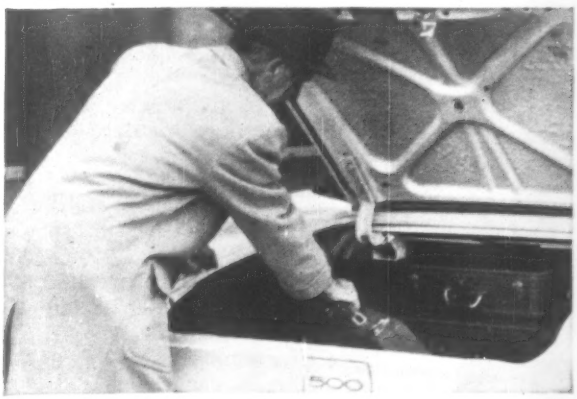

4. **Space-saver, too!** Big-business-sized trunk means plenty of room for everything . . . luggage, samples, supplies . . . PLUS room inside for six big, long-legged men to travel in comfort.

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And speaking of beautiful proportions, these Fords have the style that's made them America's best seller. That means you save when you trade, too!

Get big savings, big size . . . that big-business look that means good business with '60 Fords!

Based on manufacturer's suggested retail delivered prices for comparably equipped models

FORD DIVISION, Ford Motor Company,

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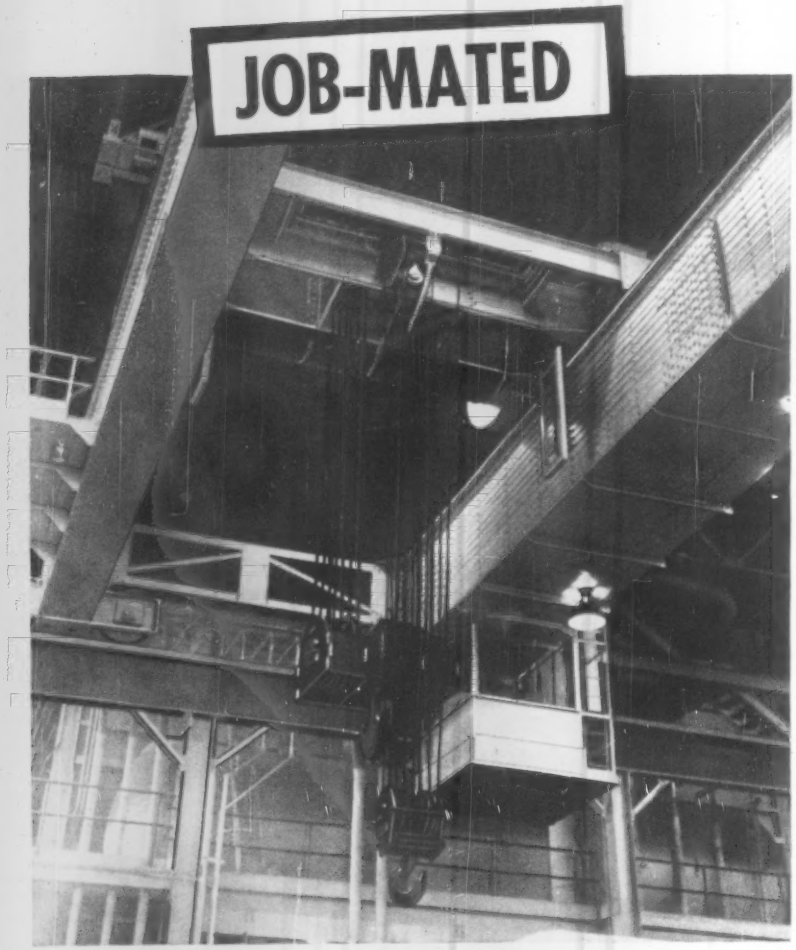
best for business . . . whether you buy or lease



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About the only break the consumer has received in recent years came in April, 1954, when a number of post-Korea Federal excise cuts went into effect.

Congress last year passed a bill that would repeal the local telephone tax and reduce the passenger tax next June 30, but President Eisenhower has asked that both reductions be postponed, along with scheduled cuts in a number of other excises and in the corporate profits rate. The President believes that any tax cuts should be part of an over-all revision bill. And he insists that no revision measure should be passed before 1961 at the earliest. Congress has accepted Mr. Eisenhower's view thus far, but there is mounting pressure for repeal of the local telephone levy.

Sidelight on Farm Supports

It isn't generally realized, but most of the farm price support furor is over a group of so-called "basic" crops that provide little more than 22 per cent of farmers' cash receipts.

The loudest current wrangle is over the wheat support price. Wheat supplies 6 per cent of farmers' cash income.

Cotton contributes just under 7½ per cent, and corn supplies only 4 per cent. Tobacco, the sole crop that the Government still must support at a rigid 90 per cent of parity, provides farmers with 3.3 per cent of their cash receipts. Rice, another basic crop, provides 0.7 per cent; peanuts supply 0.6 per cent. The sacred wool program generates a tiny 0.2 per cent of the total cash receipts.

New "Business" Expenses

The Internal Revenue Service means what it has been saying about a crackdown on phony business expense accounts, but it will have to move fast to catch up with some of the gimmicks that are being developed.

One rather ingenious and increasingly popular plan calls for having industry members visit a trade fair in a foreign country and then call on possible suppliers and customers in neighboring cities. Another approach provides for holding a convention abroad —and then holding regular discussion meetings with foreigners in the same line of business in a large number of attractive overseas cities and countries.

END

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Why pay extra for door-to-door delivery? That's *included* with Railway Express service! Our Eager Beavers pick up the shipment at your very doorstep, see it safely all the way to your customer's door. There's no extra charge for this service within REA authorized limits in the U.S. And look what else you get with Eager-Beaver service:

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No other organization can match Railway Express Eager-Beaver service. And our long-range improvement plans are making it even better. Next time you ship, call Railway Express—and see!

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Energy-saving drawer conveniences, specifically designed for secretarial accomplishment, *organize* everything right at her finger tips . . . Even the letter trays and wastebasket are in the drawers!

These Clutter-Proof Desks *quickly repay their cost* by saving floor space and saving time. Their beauty and modern color-styling brighten your office and boost morale.

See Clutter-Proof Secretarial Desks in 7 styles at one of 17 Shaw-Walker branches or 485 dealers. Or write for our 1960 Office Guide — 248 pages of modern office equipment and its efficient use.

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Largest Exclusive Makers of Office Equipment
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Voice of Industry

We Can't Afford "Business as Usual"

America: A Nation of Cynics?

Our $140 Billion Investment Challenge

Forced Growth Could Be Fatal

THOMAS J. WATSON, JR., *chairman of the board, IBM Corp.*

Price of Survival

To meet the Soviet challenge will require sacrifices. We cannot just go along with "business as usual" and hope to win. We have got to throw our economy into full-scale competition with the Russians. This is not an easy decision because realistically it means a departure from our present way of life.

We want to spend everything that is necessary for all of the programs to strengthen America—we want a balanced budget—and we want the same or lowered taxes. These three are incompatible. One of our first sacrifices must be a willingness to accept higher taxes, if necessary.

I do not agree with people who suggest that we must not push our economy to any point necessary to win in competing with the Soviet because we then might lose what has made our country great. If we do not impose the strains necessary to win, it is obvious that at best we will live in a Soviet-dominated world, and at the worst in a Soviet province.

All of us are strongly opposed to greater Government controls, but I would rather have greater control by our Government under our present system than to discover one day that business as usual had not been sufficient to win the battle.

With an economy that is producing twice as much as the Soviets, and is producing four times as much for individual consumption per capita, these sacrifices should not really hurt us much. But even if they do, we will all welcome whatever sacrifices are necessary when we realize the alternatives.

From a statement before the Senate Subcommittee on National Policy Machinery.

THEODORE S. REPPLIER, *President, The Advertising Council.*

"Age of the Shoddy"

At a time when the world situation cries for us to pull up our socks, tighten our belts, and do some realistic planning and working, this country as a whole is ducking them as much as possible.

We seem to be in what Allen Drury in *Advise and Consent* calls the "Age

the Right Combination...

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"the CHALLENGER"
$397.50 complete
1500 lb. capacity
Model 1056 —Battery operated

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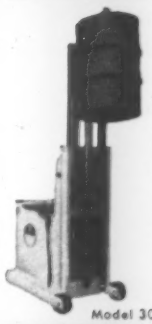

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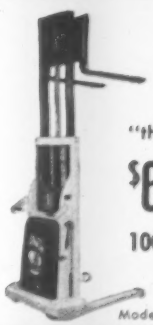

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of the Shoddy." "This was the time" he says, "when the job on the car was always half finished, the suit came back from the cleaners half dirty, the bright new gadget broke down a week after you got it home. The great Age of the Shoddy came upon America after the war and 'Everybody wants his' became the guiding principle of far too many."

Yet I believe there is building up in America a restlessness with present standards which could be harnessed and utilized. I think a good many people are getting fed up with dishonesty and phoniness and with extreme success worship. I think they are getting a little weary of status symbols and a little cynical about cynicism.

This much is certain. The first step in solving any problem is to drag it out in the open and look it in the face. Then the good sense of the American people can take over.

From a speech before the annual meeting of the Council's Board of Directors.

GEORGE M. HUMPHREY, *Chairman, National Steel Corp., Pittsburgh, Pa.*

Tools for Tomorrow

During the 1960's, our population is estimated to increase by 33 million people. They will all be consumers, but consumers are not necessarily good customers. Unless consumers can earn and pay their way, their consumption can be a drag on the economy instead of a boon to public progress and well-being. A sale which strengthens the whole economy is not fully completed until the goods are delivered and paid for by a consumer who can pay for what he buys.

This means that the 1960's will make it necessary for us to create an

estimated 14 million new jobs to support this great increase in our population. Since the tools, plant and equipment required to provide each of these jobs will approximate $10,000, we are facing the staggering problem of providing $140 billion of new productive investment over the next decade. This may well be the greatest single problem of the 1960's.

From a speech before the Wharton School Alumni Society.

BENJAMIN F. FAIRLESS, *President of American Iron and Steel Institute.*

What Kind of Growth?

Some people today have grave doubts about our rate of growth. Because of the Soviet record they want our rate to be much higher. They suggest that the Government should give us a more rapid rate of growth right now—and, with a minimum of inconvenience. The means? More Government spending, higher rates of pay and more gross national product regardless of what kind or how achieved. And, if all this should generate more inflation, that, it seems, is a minor price to pay.

Even the Russians have understood what world history should prove to us—that inflation is an insecure basis for sustained growth and inevitably ends in failure. For, under inflation, there is less and less tendency to save, and investments go into things that do not make for larger or more efficient production.

If we use further inflation as our means to grow, we would defeat not only the voluntary stimulus to save but also the hope of real, sustained growth.

From a speech before the 8th Annual Business Outlook Conference of the Washington Board of Trade.

MAKE WAY FOR TODAY!

NEW ACME VISIBLE ROTARY handles more records, faster, in 50% LESS SPACE!

The modern Rotary look in your office looks even better in your books. For this revolutionary advance in record handling saves up to 50% in high-cost floor space while it gives quick access to as many as 250,000 records. In billing, order dispatching, inventory control, tab card filing and customer service operations, it ends expensive waste motion. Work rotates to the worker with push-button speed! A new "Report" shows how Rotaries save time, money, space for industry, utilities, transportation. SEND COUPON for FREE COPY.

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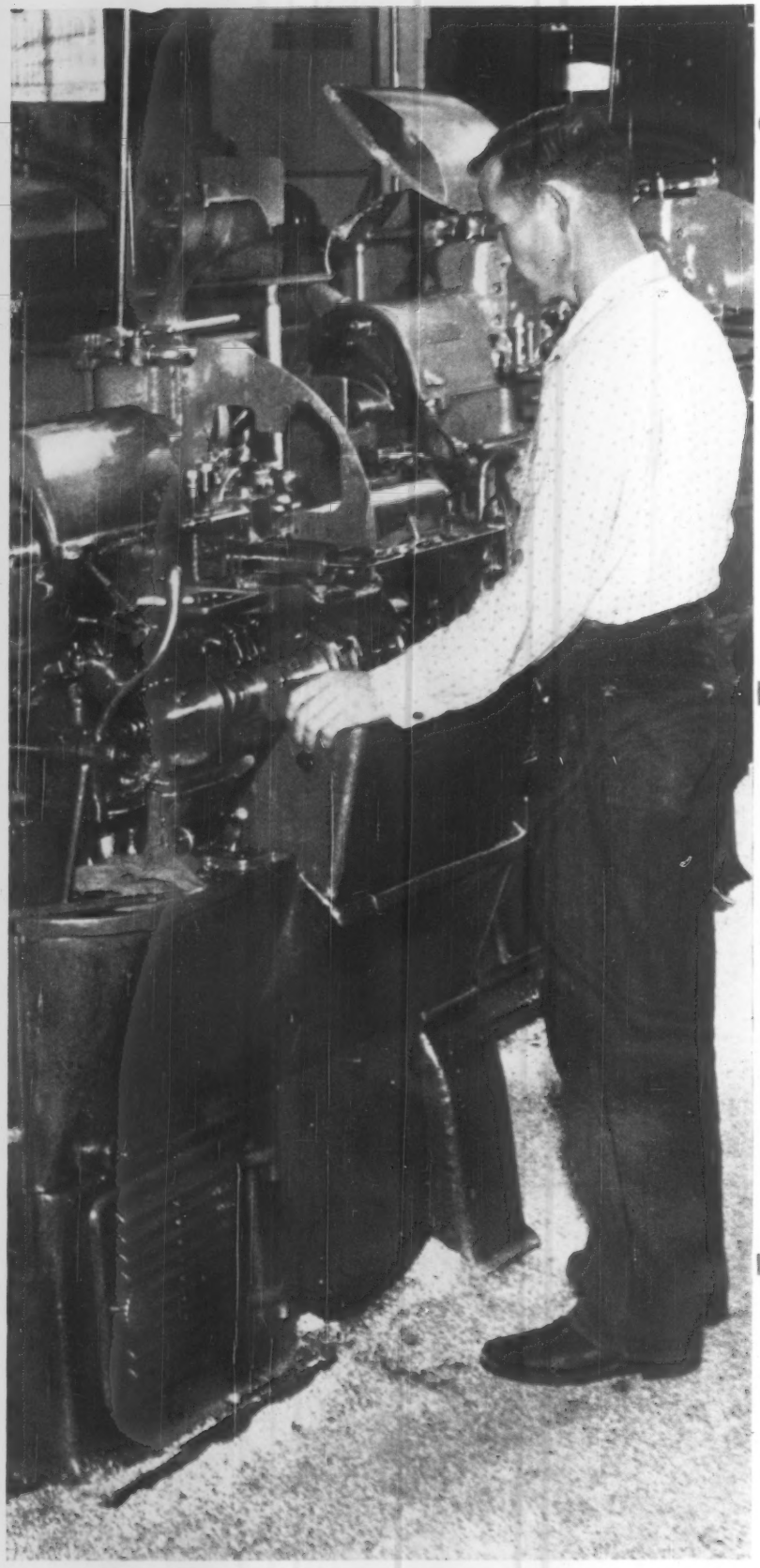

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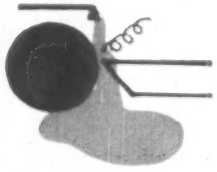
COOLANTS FOR METALWORKING



New chemi-cool HOCUT 237, a brand new concept in non-petroleum coolants, combines important features of many coolants into one economical package: cools, lubricates, prevents rust, stays mint fresh for life. Others: ANTISEP AP Base for heaviest duty and hi-speed cutting; HOUGHTO-GRIND 50 for grinding.

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The Houghton Line includes a full range of new and established products to improve most any metalworking operation. But *making* these products is only half the Houghton story.

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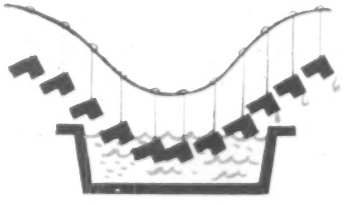
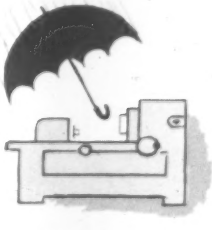
Near you there's a Houghton Man whose broad metalworking know-how and on-the-job-'til-it's-done service is yours with every item in The Houghton Line. He's a good man to have on your team. Call him or write E. F. Houghton & Co., 303 W. Lehigh Avenue, Philadelphia 33, Pennsylvania.

METAL CLEANERS



Newest in the well-known Houghton Line is the versatile and economical CERFA-KLEEN series . . . four new, more efficient metal cleaners to handle most any cleaning problem. Included are powerful new room temperature cleaners which require no special equipment or added operating costs.

RUST PREVENTIVES



More than 100 varieties for any industry requirement. All are sold under the world-famous COSMOLINE and RUST VETO labels. Included are dry film solvent types, oil solvent types, fingerprint neutralizers, oil and grease types of corrosion preventives, and concentrates for economical plant dilution.

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...and commercial banks help extend its usefulness

In homes and buildings. On walls, floors and boat hulls. Even in tiny tree houses plywood proves its strength, displays its beauty.

And America's commercial banks help make it one of the most useful materials of modern times.

Loans from banks help fell and transport trees. They provide cash for machinery to peel logs down to supple veneers, and cross-bond them into rugged plywood panels. And a good many times it's a bank that helps put plywood, plain and fancy, in lumberyards where people can pick and choose.

Loans are the thing. But along with them goes something harder to see, but just as important. It's dependable banking service backed up by wise financial counseling.

As the leading lender to business and industry, The Chase Manhattan Bank of New York is proud of commercial banking's contribution to agricultural and industrial progress.

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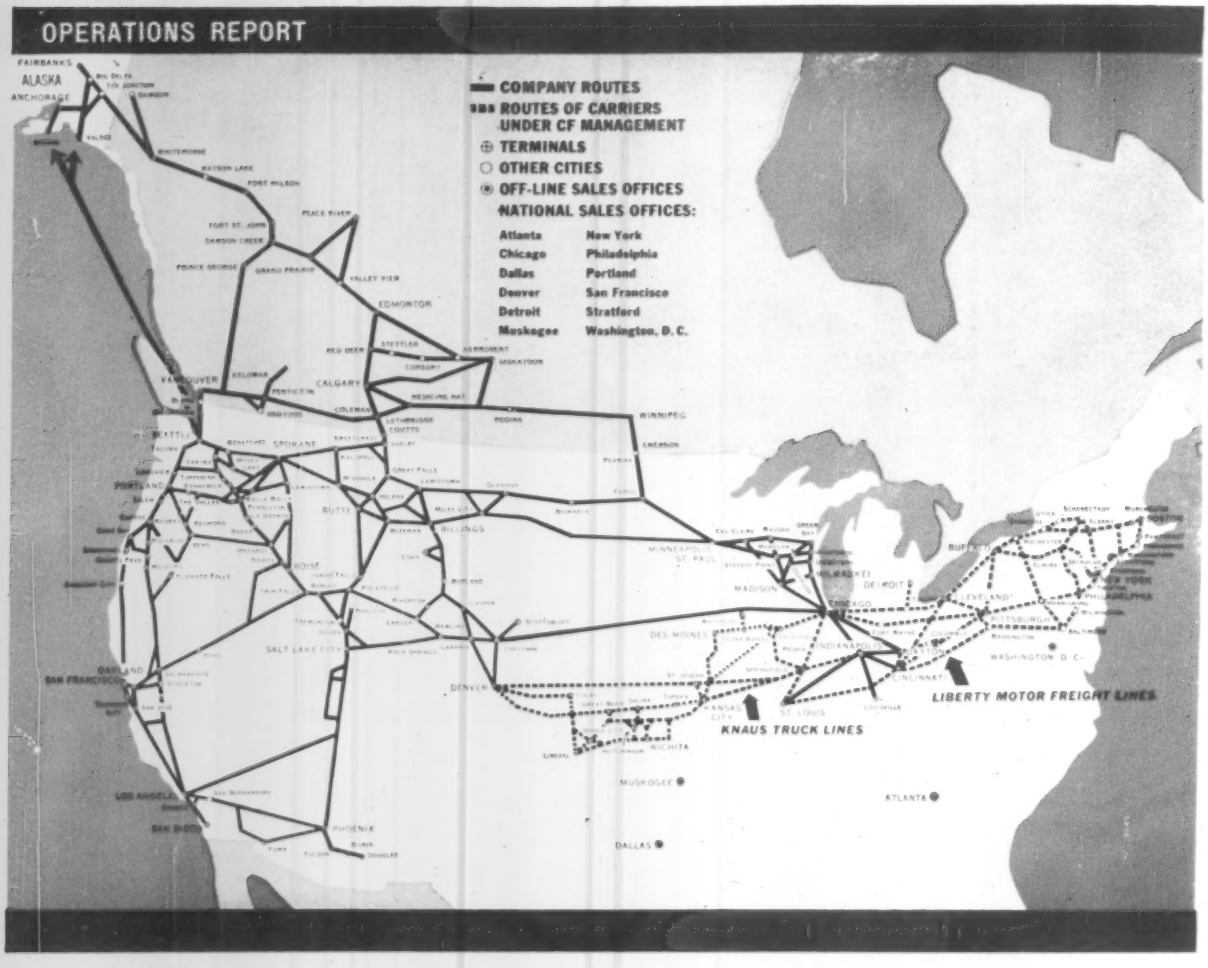

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More than 30 years ago, Consolidated Freightways began giving overnight truck service to communities in the Pacific Northwest. From the first, its management extended service to other communities as rapidly as possible, believing that commerce would follow wherever good freight service was provided.

Equally important through the years has been a consistent policy of diversification — in equipment, in type of service, in facilities. Today CF means not only complete and versatile general commodity service, but a wide variety of specialized transportation and related activities.

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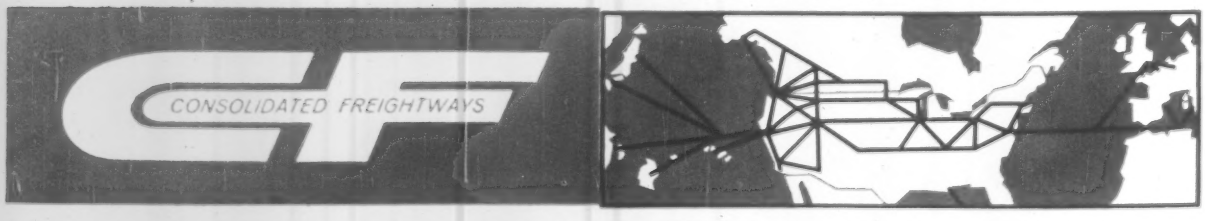
For full information about any CF service, contact the Consolidated Freightways Information Center, Department 81, Box 32, Chicago 50, Illinois. Telephone AUstin 7-7003.

CONSOLIDATED FREIGHTWAYS



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Extra polite with touchy payloads!

Borrow a '60 Chevy from your dealer and run it down the worst slam-bang back road you can find. Then, if you can take it, drive a conventional front-axle truck over the same route at the same speed.

That does it. You'll realize in one short run why cargo breakage is no problem in a Chevy. Its independent front suspension flexes smoothly over ruts and chuckholes, absorbs jolts and jars that could mean curtains to a fragile payload.

By the same token, torsion-spring Chevrolet trucks are able to get more done in a day and go extra thousands of miles before trade-in time. You can run at faster safe speeds on or off the road.

1960 CHEVROLET

with a full load, increasing your ton-mile rate per day and your profits accordingly.

Your Chevy keeps going longer because its frame, body and sheet metal take less of a beating. Plus the fact they're built stronger all the way through. Cabs, for example, are 67% more rigid. And *comfortable!* Sit three on that wide firm seat and check the shoulder and hip room. Cabs of most models are up to 7" lower—easier to hop in and out of—and still offer more head room.

That first ride in a torsion-spring Chevy is a revelation. Don't miss it for anything. . . . Chevrolet Division of General Motors, Detroit 2, Michigan.

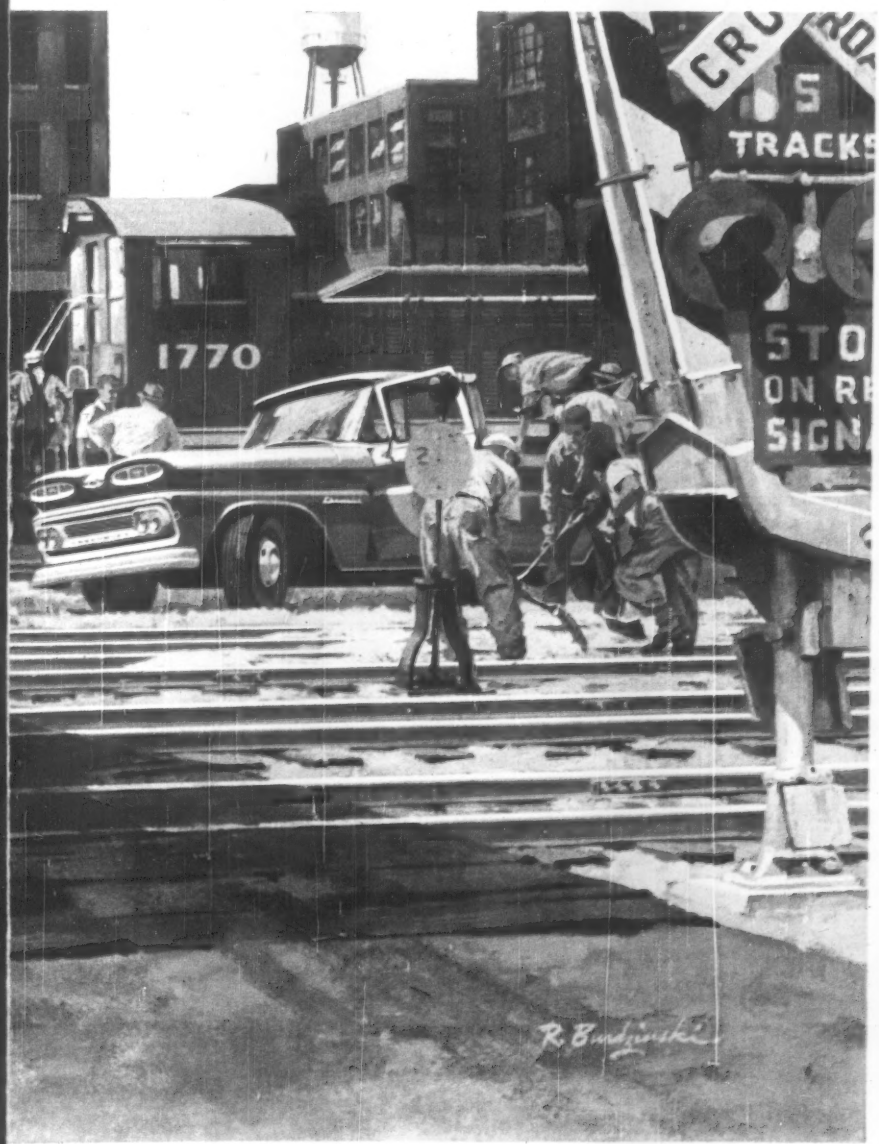
A whole new approach to truck durability and ride!

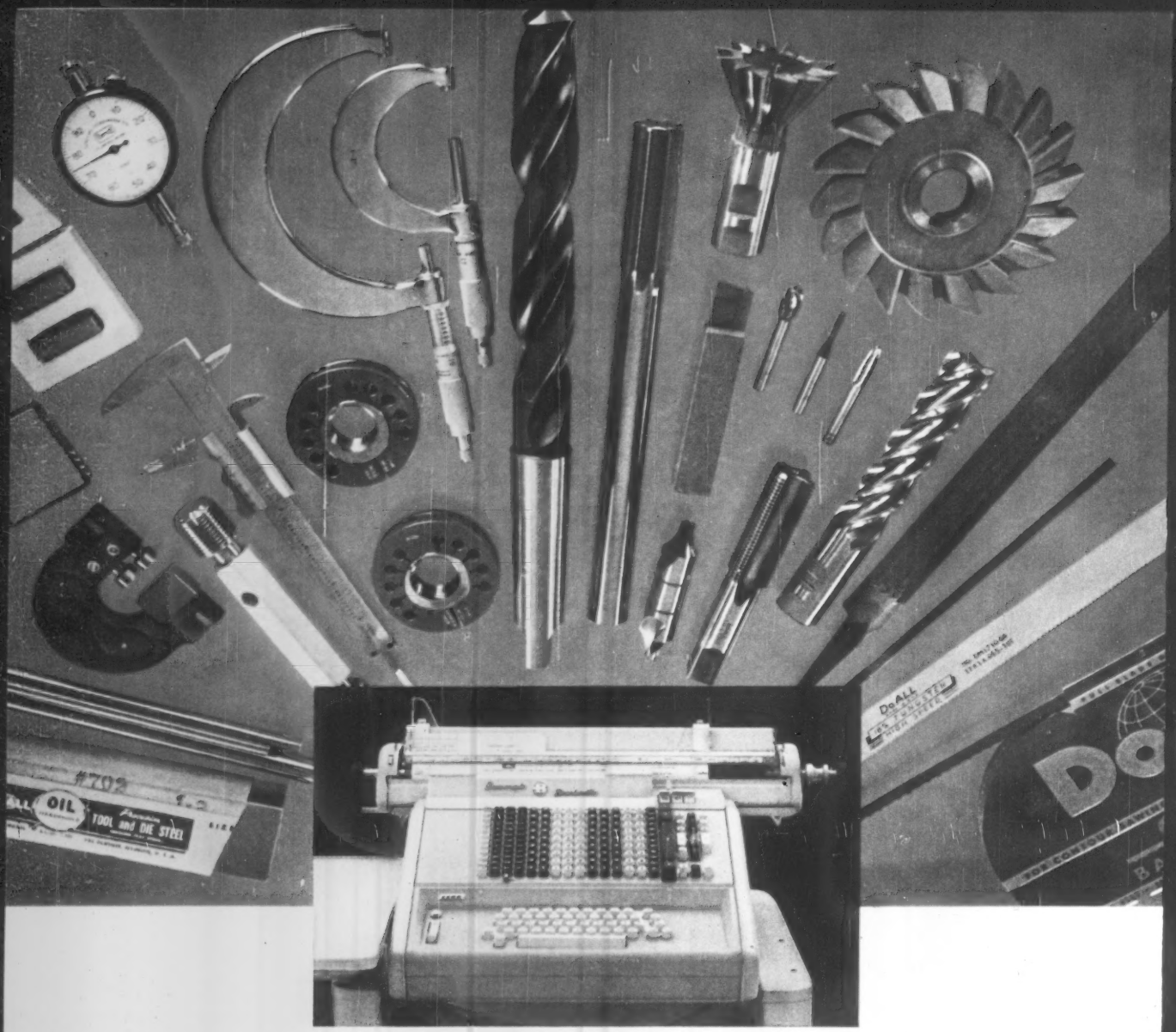
Torsion springs, *with fully independent front suspension, revolutionize the ride.* ***Wide-based coil rear springs*** *in many light-duty models for better-than-ever stability.* ***Variable-rate rear springs,*** *sure to last longer, in most medium- and all heavy-duty models.* ***Frames that are tougher,*** *more resistant to twist—a big plus in Chevy's new Sturdi-Bilt design.* ***Cabs that are wider, safer,*** *67% more rigid.* ***Front wheels and tires precision balanced*** *in final assembly.* ***Lively V8's*** *with longer life.* ***Sixes sworn to save you money.*** *All done up in the year's handsomest style!*

Anything less is an old-fashioned truck!

TRUCKS WITH TOTAL NEWNESS

CHEVROLET





BURROUGHS TYPING ACCOUNTING MACHINES AT THE DoALL COMPANY CUT SALES ANALYSIS TIME 50%

The scene: The DoAll Company, originator of the metal cutting band saw and a leading distributor to the giant metalworking industry. **The job:** 300,000 invoices separated into 100 classifications, 90,000 purchase orders, general ledgers, detailed sales analyses and all payrolls. **The equipment:** Burroughs Typing Sensimatic Accounting Machines. **The results,** in Board Chairman Leighton A. Wilkie's words: "Phenomenal processing of purchase orders, payroll and invoices, and truly sensational time savings on sales analysis work—over 50%!"

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Burroughs automation equipment ranges from accounting machines to giant electronic computer systems. It's supported by outstanding systems knowledge and known for outstanding results. For details, action—and results—call our nearby branch now. Or write Burroughs Corporation, Detroit 32, Michigan.

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"NEW DIMENSIONS / in electronics and data processing systems"

SOUTHERN CALIFORNIA EDISON COMPANY

64th ANNUAL REPORT

1959 FINANCIAL HIGHLIGHTS

	1959	% Increase Over 1958
Common Dividend Rate	$2.60	8.3
Earnings Per Share (Company only)*	3.80	2.7
Gross Electric Plant	$1,366,097,306	7.7
Gross Revenue	$281,763,942	10.0
Operating Expenses	$220,804,989	10.1
Taxes	$81,544,899	11.5
Net Income	$43,394,886	8.5
Payrolls	$56,910,662	6.6
Total Meters	1,628,694	4.3
Energy Sales (1,000 Kwh)	15,698,837	13.5
System Peak Demand (Kw)	3,181,000	7.4
Generating Capacity (Kw)	3,833,920	12.6

NEW PLANT

Edison's plant expansion program was continued in 1959 with the completion of two steam generating units, each with an effective operating capacity of 215,000 kilowatts. Presently under construction at the Huntington Beach Steam Station are two new units which will boost the overall capacity of that station to 875,000 kilowatts. These are the first computer-automated steam-electric power generating units to be built in the United States.

PERMANENT FINANCING

The Company obtained $29,325,000 of new money in January 1959 through the sale of 500,000 shares of common stock. (In January 1960, $30,000,000 of mortgage bonds were sold to repay $23,000,000 in short-term bank loans borrowed in December 1959; the balance will be used to partially finance construction in 1960.)

*EARNINGS PER SHARE

Consolidated earnings per share were $3.82 and $3.74 in 1959 and 1958 respectively.

DIVIDENDS

The Company and its predecessors have a record of continuous dividend payments extending back to 1907 on the common stock and to 1896 on preferred stock. The current dividend on the common stock and original preferred stock, which participates with the common, is equal to $2.60 a share on an annual basis.

CONDENSED CONSOLIDATED BALANCE SHEET Dec. 31, 1959

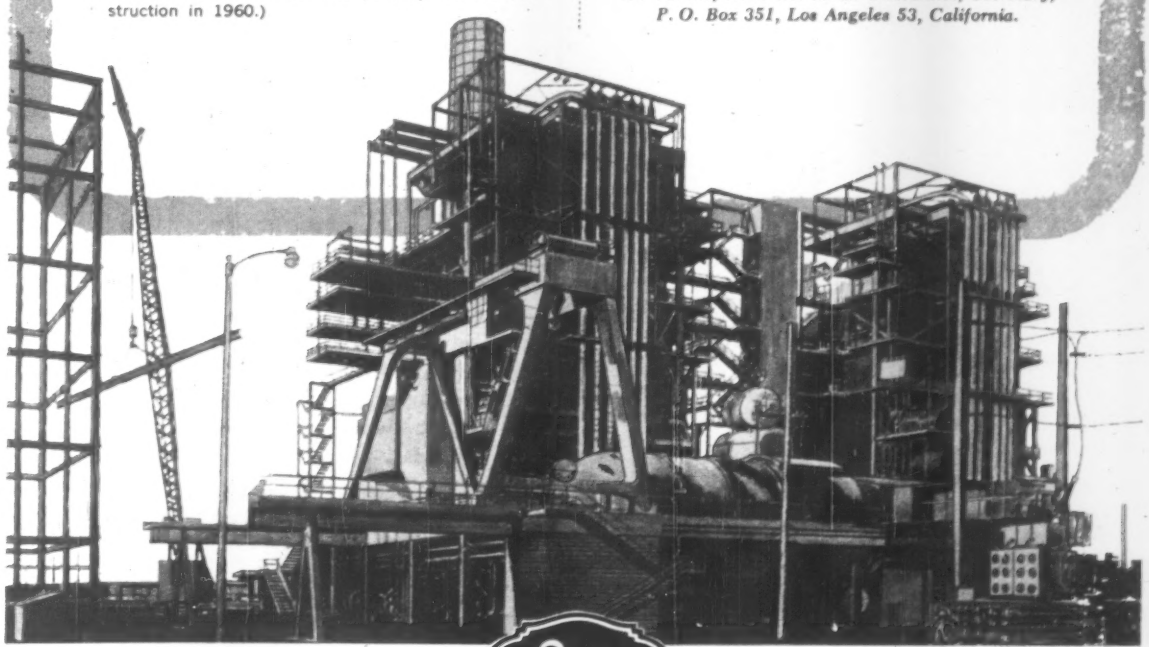
ASSETS

Electric Plant	$1,145,622,713
Investments and Other Assets	18,511,250
Current Assets	81,560,978
Deferred Charges	2,688,621
Capital Stock Expense	3,487,115
Total Assets	$1,251,870,677

LIABILITIES

Stated Capital and Surplus	$ 556,463,507
Long Term Debt	537,433,100
Current Liabilities	116,289,103
Deferred Income Tax Reserve	20,130,473
Other Reserves and Liabilities	21,554,494
Total Liabilities	$1,251,870,677

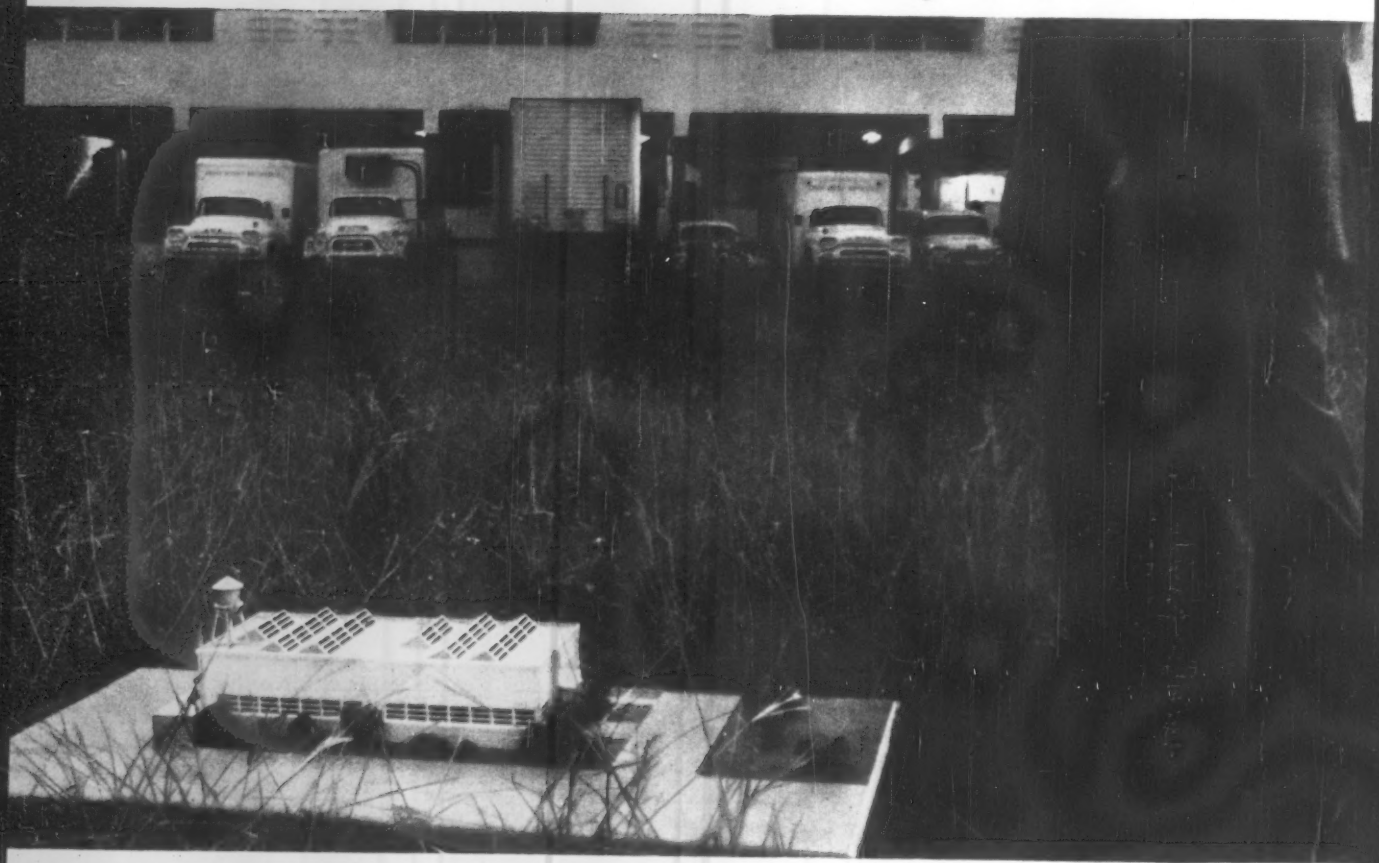
For a copy of Southern California Edison's 1959 Annual Report write: A. L. Chavannes, Secretary, P. O. Box 351, Los Angeles 53, California.



SOUTHERN CALIFORNIA Edison EDISON COMPANY

EDISON BUILDING • 601 West Fifth Street • Los Angeles 53, California

"We've got the space, but money's awfully tight right now"



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Turn the capital you have invested in company-owned trucks into new facilities, new equipment or increased inventory. Switch to Hertz Truck Lease Service and release your money. You get new GMC, Chevrolet or other sturdy trucks, custom-engineered to fit your needs. Or we'll buy your present trucks, rebuild them if necessary, and lease them back to you. Furthermore, Hertz provides extra trucks for peak periods or emergencies.

Hertz experts take over all repairs and upkeep. You eliminate all your truck problems by writing one budgetable check per week. There's no easier way to get out of the truck business and back into your own business! Rely on Hertz, America's No. 1 truck lessor, with over 500 stations in the U. S. and Canada.

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For more information, call your local Hertz office. Or write for the fact-filled booklet, "How to Get Out of the Truck Business," to Hertz Truck Lease, Dept. B-4, 218 S. Wabash, Chicago 4, Illinois.

In addition, Hertz also rents trucks by the hour, day or week

DUN'S REVIEW
AND MODERN INDUSTRY
April 1960

EDITORIAL

What Is Inflation?

INFLATION is not increased wages, nor rising prices alone. Neither productivity nor money value is the only measure of inflation.

The value of any product or service is best measured against the investment of money, labor, skill, and faith that went into the total project. Our generous level of American living, with its spread of wealth, bodily comforts, recreational benefits, and educational opportunities, is not inflationary in itself, if there is an honest exchange of time and effort to acquire these symbols of a civilized existence. The rising cost of food, clothing, shelter, education and recreation is not the immediate result of inflation. It costs more to live nowadays, because life demands more in convenience and comfort. When a person gives more to get more, there is no inflation. But any attempt to evade the effort or reduce our own moral and physical contribution to the system that supports us is inflationary, because it means we are demanding more for thinking less and doing less.

The tough and elastic skin of our economy can stand the pressures of economic expansion, but there is danger when the internal pressures exceed the pressures outside. Inflation is welcomed by some business men because it eases resistance to price increases. A creeping inflation offers a kind of false security to some, but a day of reckoning is inevitable. Deflation, when it comes, is as impartial as a bomb thrown in a crowd, and it leaves many economic scars on the body of business.

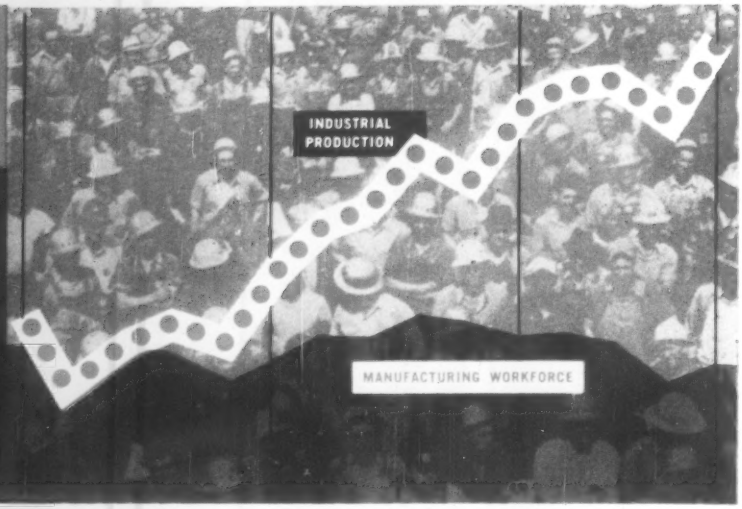
Long ago, Bishop Fleetwood, an Anglican cleric with an eye for economics, studied "prices current" in England from the Battle of Hastings in 1066 to the year 1707. He found that barter, a clumsy method of exchange, was a fair test of values. For instance, the price of a pair of brogues or shoes at any period was equal to a day's labor in the fields or at the work bench. Even today, the price of shoes on a barter basis is still a day's effort for a working man.

Some liberal economists defend a creeping inflation as the necessary price we pay for accelerating the momentum of trade. They welcome the Keynesian philosophy of spending our way to prosperity. They encourage the Government to move into minor lulls in the rhythm of business with the stimulus of public works spending, a device which often interferes with the natural corrections in business cycles. The investment in public works can spread the tensions and ease the pain of economic shock, but it is never a substitute for individual incentive and productivity.

Inflation is not primarily a matter of money but of social behavior. Currency values are a statistical guide established for the convenience of traders of goods and services, but to negotiators at a bargaining table, money fluctuations and cost-of-living indices can be more deceptive than helpful in measuring a fair exchange. In the end, inflation is the revealing mirror of the conscience of man—the man who wants something for nothing and needs an excuse to justify his action.

Why Labor is Worried

Clear evidence of automation's effects is the way industrial production has zoomed ahead in the past fifteen years while production workers employed in manufacturing have actually declined.



When You Automate

How to Avoid Labor Woes

- *Most companies don't automate to reduce their payrolls —but try telling that to the unions!*
- *Here's what foresight, planning, and sound communications can do to dispel fear, avoid labor headaches.*

AUTOMATION, in a growing number of companies today, is no longer looming on the horizon. It has arrived. And with it, many managements have found, has arrived a boatload of troublesome labor problems.

Plainly speaking, stepped-up technological change can endanger jobs. Threaten the American worker's prized job security and you pave the way for slowdowns, increased absenteeism and turnover rates, and more aggressive union action. Grievances mount, and strike psychology begins to gain ground.

In a number of industries already, the effects of automation are beginning to be felt. In chemicals and allied products, for example, employment over the last five years shaded upward from 531,000 to 541,000. But output leaped 43 per cent. In rubber and rubber products, employment rose 9 per cent, while output shot up more than 26 per cent.

Labor unions see these changes reflected in their membership rolls. One example is the United Mine Workers, which reached a peak of about 750,000 soft coal miners in 1923. Today, following two decades of automation in the mines, the union can count only about 180,000 soft coal miners among its members.

Less precipitous declines are to be found in such unions as Walter Reuther's UAW, which saw its membership fall from 1.5 million to less than 1.1 million in the last few years.

A machine now holds the job of about one in five workers employed in the auto industry in 1953. For example, after building a highly automated engine plant at Cleveland a few years ago, the Ford Motor Company reduced direct labor employed in engine production by 22 per cent.

Since the Luddite riots in England in 1810 and 1812 in protest against the introduction of power looms in textile mills, workers have reacted to technological change with fear and suspicion. And sometimes in the interest of job security they've tried to slow or control it by violence.

The bitter, 116-day steel strike which ended in January was an example of the intense feeling that can be aroused in workers in the face of any change they feel threatens their jobs. Before the walkout was called last summer, independent surveys indicated the steel workers were far from eager to strike over the wage issue. But worker sentiment changed when steel management raised the controversial work rules issue, seeking to wipe out a clause in their contracts that the workers had viewed as their chief protection against any re-

duction in the size of work crews assigned to certain jobs. Such cutbacks, they felt, were sure to follow the introduction of new automatic equipment.

Experts predict profound cultural and sociological changes stemming from full-scale use of automation in the nation's offices and factories. But right now, management's overriding problem is job security—a question mark that's as disturbing to unorganized workers as it is to the organized.

A good many observers, even some top labor leaders, take an optimistic long-range view of the impact of automation on jobs. The late Philip Murray, while president of the CIO, said in 1951: "I do not know of a single, solitary instance where a great technological gain in the United States has actually thrown people out of work. . . . The industrial revolution . . . in the last 25 years has brought into the employment field an additional 20 million people."

Commissioner Ewan Clague of the Government's Bureau of Labor Statistics takes a similar view: "So far, available fragmentary evidence about plants introducing automation does not indicate large-scale layoffs of workers."

Short-range realities

Over the short range, some employment problems are inevitable. Certain types of jobs will vanish altogether, and others will shrink in number as stepped-up technological change spreads throughout U.S. industry.

What, for example, does the housewares manufacturer do with several score veteran hand-polishers after a couple of giant new automatic polishing machines are installed? What does an electrical parts maker do with 30 women who used to hand-wind electrical coils, after installation of an automatic machine that can do the job faster and better?

One proposed remedy is joint labor-management consultation. The actual mechanics of this kind of cooperation are still obscure and appear in few contracts. But just last summer, Armour & Company and the United Packinghouse Workers and the Amalgamated Meat Cutters & Butcher Workmen signed an agreement (see box on page 44) setting up a company-financed labor-management committee to study ways to cushion the effects of automation. (The workforce in basic meat packing has fallen about 18 per cent since 1956, a decrease of roughly 30,000 workers.)

The agreement under which the committee was formed is expected to set a pattern for other industries. In fact, a similar committee was set up by the steelworkers union and the Kaiser Steel Corp. late last year, and the final steel settlement incorporated a provision for a Human Relations Research Committee designed to recommend solutions to problems arising from technological change.

The giant American Telephone & Telegraph Company has been dealing successfully with the problem of automation for many years, as automatic dial systems gradually replace switchboard operators all over the nation.

The Bell companies use long-range manpower planning to insure that employees won't be thrown out of work by the modern automatic installations. Thus, normal attrition of the workforce plays a vital role in its program. Ralph J. Cordiner, chairman of the General Electric Company, has said that the factor of employee turnover has not been adequately appreciated in most discussions of automation.

In one recent year, for example, GE hired about 40,000 new employees to replace those who quit, died, retired, or whose employment terminated for reasons other than lack of work. That same year, tens of thousands more employees changed

Check Before You Automate

If you're planning to automate:

- ✓ Figure a rough timetable for installation of the new equipment, and inform your employees at least six months in advance—a year if possible.
- ✓ Estimate the workforce required under the new system. If the services of everybody presently employed will be required, say so immediately. Keep on saying it through every available employee communications medium.
- ✓ If you expect shrinkage in your required workforce, then plan how you can use normal turnover and attrition to protect employees' jobs.
- ✓ If this means your workforce will dip below a safe minimum in advance of installation, then consider going into overtime, using temporary or part time help, or subcontracting some of your work. And explain to your permanent employees what you're doing to protect their jobs.
- ✓ Consult your supervisors and run tests to determine which employees have the ability to handle the complex new equipment or can be trained for the new jobs.
- ✓ Discuss the new equipment with the employees affected. Show movies of it, run explanatory stories in employee publications, arrange meetings to explain and answer questions about how it will work and what it will mean to the employees. Emphasize how it will lower manufacturing costs, possibly enable the company to lower prices and turn out a better product, thus selling more goods and safeguarding jobs.
- ✓ Emphasize, too, how the new equipment will make jobs physically easier for the employees using it.
- ✓ Consider letting the employees help out in setting new wage rates, incentive rates, and production standards.
- ✓ If layoffs can't be avoided, help the displaced employees look for new jobs. Give them plenty of notice. If possible, offer special severance pay and reduce the retirement age in special cases of veteran employees with many years of loyal service. All this will reflect favorably on the morale of the remaining employees and in your relations with the community.

jobs within the company because of promotions, technological changes, and the normal internal shifts of the workforce caused by lack of work in certain areas.

Careful manpower planning, however, involves more than projecting future turnover. Changes in skill requirements must be considered. Also, in order to level out peaks and valleys in employment requirements which may occur for a variety of reasons, a company can use overtime or subcontract a certain portion of its work.

Part of the job of advance planning for technological change involves retraining. Inland Steel Company, for example, during one twelve-month period put almost half its workforce through special training programs. GE spends an estimated $35 to $40 million a year at the same task. This cost includes, Cordiner says, idle time and scrap and waste resulting from inexperience, as well as training. Every year, about one in eight GE employees at all levels takes advantage of company-conducted courses.

Haloid Xerox, Inc., a Rochester photographic supplies manufacturer, spent almost $24,000 on an experimental six-week training program for twelve workers whose jobs may be wiped out with the installation of new equipment. If the pilot project proves successful, 60 more workers will be similarly retrained this year. Altogether, the company employs about 1,900 persons.

If automatic equipment is to be installed with a minimum of disruption, retraining must be part of the long-range planning. For example, planning for a $20 million modernization program for a Midwest oil refinery began three years before its scheduled completion. A Bureau of Labor Statistics study showed some 160 workers were affected, about 25 per cent of all personnel. Planning for the personnel changes began fifteen months before the changes were completed. A long, comprehensive training program for both workers and supervisors was instituted. Workers were paid at their regular wage rate while training, and substitutes were employed to perform their regular jobs while they were being trained for new duties.

Accent on communications

Another important aspect of preparing workers for technological change is communications. S. W. Farber, Inc., New York housewares manufacturer, flew foremen and supervisory employees out to the Midwest, where they saw in operation the automatic polishing machines slated for installation in Farber's plant. The new machines were described and discussed with the workers at a series of meetings, and the company showed films of the equipment as well. All this, explains J. L. Walker, director of human relations, was accompanied by assurances that nobody would be laid off as a result of the changes being made.

Sometimes, of course, layoffs are inevitable. For some time most companies have had severance pay provisions (or policies, in the case of nonunion concerns) to cover just these cases.

The impact of such displacement is also eased by provisions governing layoffs, rehiring, transfers, promotions, and changes of job classifications and wage structures. And unions are working to broaden seniority areas on a company-wide or plant-wide basis to assure equitable seniority protection for their members and to secure the right to interdepartment and interplant transfers based on seniority.

Some transfers require the workers to relocate in another city. A few companies have agreed to pay all or part of the cost of moving these factory employees, partly to keep a skilled work team intact, partly to hold down the cost of separation pay and large-scale recruiting and training.

Sometimes a company has to down-grade an employee if he's to be kept on. In such cases, the AFL-CIO argues, the worker should be paid at his old rate for a specified period of time determined by his length of service with the company. In this way the company would share with the worker some of the burden of loss he must suffer when the new equipment goes in. The concept of shared responsibility is supported by such prominent business men as Thomas J. Watson, Jr., president of International Business Machines Corp.

Hardest hit by automation are unskilled workers and clericals. Commissioner Clague estimates the unskilled group will comprise only 10 per cent of the workforce by 1975, compared with 20 per cent in 1950. And the curve of growth in the number of clerical workers is flattening out. The nature of this process is neatly summed up by Prof. Walter S. Buckingham of the Georgia Institute of Technology: "The worker displaced is not fired; he is the one who is not hired."

What this means, plainly, is that new entrants into the workforce will have to be better and better prepared as job requirements stiffen. Says AFL-CIO Economist Nathanial Goldfinger:

"Within the next few years, the labor force will feel the effects of the rising birthrate since 1939. More young people will be looking for jobs than in recent years. Will there be job opportunities for these new entrants into the labor force, or will they be compelled to serve their apprenticeships as unemployed jobseekers?"

Management's answer is that automation will spur U.S. business expansion.

But in any case, industry's continuing efforts to step up efficiency through increased mechanization will make it necessary to face and solve the labor problems of automation.

—ALBERT C. LASHER

How Armour Faced the Automation Problem

Last year Armour & Company agreed to contribute up to $500,000 towards an "automation fund," paying in one cent for every hundred weight of meat shipped. The money will be used for: (1) study of problems arising from modernization; (2) retraining programs; (3) promoting employment opportunities within the company for those affected by automation. An "impartial" chairman heads the administrating committee, which is composed of four representatives from management, two from the United Packinghouse Workers, and two from the Amalgamated Meat Cutters and Butcher Workmen. The committee merely recommends—its decisions are not binding.

AN INTERVIEW WITH ROGER M. BLOUGH

Big Boss at Big Steel

"THERE is one thing that we as a nation must take to heart," said Roger M. Blough, his hand on a black ring binder crammed with the facts of the steel business. "And that is the realization that we have not yet learned how any industry can, under present-day circumstances, reach a non-inflationary wage agreement."

A late morning sun was pouring into U.S. Steel's conference room high above Manhattan's financial center as Blough, the company's board chairman and chief executive officer, was answering questions on inflation, productivity, and the Government in the aftermath of steel's longest strike.

He had seen the mills roaring again and production hitting new highs in the first quarter of the year, and he talked about what business leaders can do to make corporations even more productive units in a free, competitive economy.

What, he was asked, is the outlook for inflation?

"I'm afraid that inflation is a factor we must continue to expect to see in the immediate future," he said. "But I have a feeling that in the last year or so more people have become conscious of the problems it brings. They have been given something of an economic education, perhaps in some part because of the trouble we have had in steel. If that is so, if there is a greater awareness of the dangers of inflation, it is one of the good by-products of that trouble."

Crusade against inflation

In speeches, in testimony before Congress, and during the strike that stopped the steel industry for 116 days, Blough has made the fight against inflation a personal crusade. Now he was asked, "Are business leaders as a whole seriously interested in stopping inflation, or is there some truth to the charge that some business men welcome inflation for its transitory benefits?"

He thought for a moment. "In the past there may have been some business people who looked with some favor on inflation. But I think most thoughtful business leaders today are doing everything they can to fight it.

"I just don't know any business man who thinks he would be better off under continuing inflation. There is rather a general understanding of what inflation does, and agreement that it is a major detriment to our position of world leadership in its industrial phases."

He leaned back and put his arm over the back of the chair. "In the past, too," he said, "there may have been some general misapprehension about ending inflation. I believe, however, that people can do better—the wage earner, the housewife, the man on a salary—all can do better with a stable dollar. The point, of course, is that you can have prosperity, you can have a great country industrially, without inflation.

"Rising prices are merely the measure of inflation, not the cause of it," he says. "The causes of the kinds of inflation we are talking about are rooted deeply in rising production costs, which, in turn, force prices upward. And the most important single element in rising production costs is, of course, the seemingly endless rise in the cost of labor. For labor costs, direct and indirect, represent more than three-quarters of all costs in American industry."

What can business leaders do to help wage the anti-inflation battle?

- First, says Blough, business leaders should understand fully and in comparative detail the exact prob-

"I'm afraid we must continue to expect inflation in the immediate future. But I think more people have become conscious of the problems it brings."

"Thoughtful business leaders today are fighting inflation hard."

"People now realize you can have prosperity without inflation."

"Union leaders must grasp the concept of productive unity of purpose."

lems that inflation creates in their own particular businesses. "Many business leaders already do," he says, "and when they do, the management groups as a whole have a better appreciation of the problem."

He calls on business leaders to resist "to the best of their ability any unwarranted enlargement of costs." This means dealing with wages in terms of productivity, and holding the line in order to prevent wages from forcing up prices throughout the economy. "Any solution to inflation," he says, "must involve a more modest approach to the big wage increases that our country has been incurring."

And Blough says business leaders should work in every possible way to make "people in Washington understand that when the Government spends more than it takes in, it is sowing the seeds for the growth of an inflationary economy."

Roger Blough believes that a corporation is shaped and disciplined by continuing competition. This competitive principle is weakened, he asserts, by national decisions affecting wages and prices. In his mind, such decisions point toward complete planning by Government, toward artificial shortages, peacetime rationing, and regimentation of the entire economy. But despite what he detects as a general drift in that direction, he doesn't think the situation is hopeless.

"I am hopeful," Blough says, "that as a result of our controversy in steel, and possibly as a result of a better understanding of inflationary forces, there will be a determined effort by the administration and Congressional leaders to change the direction in which we've been drifting. But only time will tell."

The competitive principle, as Blough defines it, also requires that individuals in the corporation work as much as possible as a cohesive group, with greater production as the goal.

He says, "The real challenge to all the individuals in the group—and a challenge especially to management—is to find means through which all members of the group can be motivated toward more effective fulfillment of the group's objective. This is the best way to improve the real earnings of all the employees and the way to real national growth."

How can business leaders put this idea across?

Blough considered for a minute. "I would say the best way is by constant reiteration of the kinds of prob-

A Personal

Roger M. Blough is a school teacher who became a lawyer, and a lawyer who became one of America's top managers. But neither the prestige of his present position nor his salary—$265,600 a year—have changed his enjoyment of the simple things.

He taught school in Hawley, Pa., where he met his wife. Today he still lives in the family home in Hawley. He is an "indifferent golfer," shooting around 90, and he likes to go trout fishing.

He enjoys art. "But I'm not an art collector," he says. "I just pick up a few contemporaries that I happen to like.

"I like early American furniture. What attracts me more than anything else is the line, the texture of wood, simplicity. Last Saturday, I glued a piece on a lovely old rocking chair I found in Framingham. It probably was made in the early 1800's.

"Then I picked up a little rocking chair, I think I paid $5 for it, in the Poconos near home. There were seven pieces of cloth on the seat. Every time a grandmother

lems we have in business. We need constant discussion and rediscussion of the facts about individual competitive units. Once we can get union members, and particularly union leaders, to grasp the concept of unity of purpose, we may be on the way toward success."

Acceptance of this idea requires a realization that wages and productivity go hand in hand, the steel chief believes. Wages cannot outstrip productivity, Blough warns, without an inescapable "cost-push" on prices and inflation.

When talking on this point, Blough referred to the recent Economic Report of the President. He opened his black ring binder, found an excerpt from the report, and read the paragraph he had underlined.

President Eisenhower had said that labor-management settlements "should not be such as to cause the national average of wage rate increases to exceed sustainable rates of improvement in national productivity. A national wage pattern that fails to meet this criterion would put an upward pressure on the price level."

Blough looked up. "I think," he said, "that section of the report contains what can be considered the inauguration of a new policy—and I think it is a very wholesome one."

Blough pointed out that increased productivity also can be a positive force toward halting inflation. "If you can improve productivity," he said, "you have a compensating effect, a tendency to hold things down."

Blough believes the rise in productivity—or lack of it—may determine just how well American industry meets competition from overseas, where rising productivity is coupled with a lower wage rate.

What can business leaders do to spur productivity? Blough replied: "I think one of the most important things that could lead to increased productivity is a general feeling of cooperation between the people supervised and the supervisors. When you get that, you get results."

In general, he believes, there is little question that management can do a better job of training its own supervisors. "There is a great need for that kind of thing," he said, gesturing with both hands. "It is a very fertile area for cultivation."

One of the things that came out of the recent steel negotiations, Blough points out, was a Human Relations Committee composed of both management and union men, which will examine ways to improve productive efficiency for the benefit of all. Management in general, Blough says, can use groups such as the Human Relations Committee as a way of bringing people together.

"The final decision rests with the American working man and his leaders. If he can keep wage costs from mounting while raising productivity, we may see the greatest era of prosperity our nation has ever known.

"I suppose," Blough concluded, "the real point is that all we have in this country is what we produce. A better life and more adequate material things—new roads, houses, schools—just don't grow on trees. They have got to be produced."

He leaned back and smiled. "It seems so simple to me," he said, "but apparently not to others."

—JOSEPH R. MARSHALL

"We may see the greatest prosperity our nation has ever known."

"Any solution must involve a more modest approach to wage rises."

"We've been drifting toward complete planning by Government."

"The real challenge is to motivate all members of the corporation."

Portrait

got the chair, she put on a new cloth. I took off the cloths and refinished it. Now it's standing in our dining room."

Blough quit teaching school in Hawley to get his law degree at Yale University. Upon graduation, he joined the firm of White and Case in New York City. He worked on legal matters for U.S. Steel with Irving S. Olds, a leading member of White and Case who was to become chairman of U.S. Steel's board.

Benjamin F. Fairless, president of U.S. Steel, spotted the young attorney, and in 1942 Blough became solicitor in charge of all the corporation's legal matters. In 1955, he succeeded Fairless as chairman of the board.

During the week, Blough splits his time between U.S. Steel's operational office in Pittsburgh, where he stays in the executive suite, and the corporation headquarters in New York, where he has an apartment. He and his wife spend every weekend they can in Hawley, and when his married twin daughters visit, Blough likes to put on an apron and serve up Sunday breakfast.

PROBLEM: To make sure your bonus plan spurs executives to top performance—in line with established company goals.

SOLUTION: Tie rewards to specific, coordinated objectives. Here's how companies are profiting from the new "task-planning" approach.

Payoff for Performance

ARCH PATTON

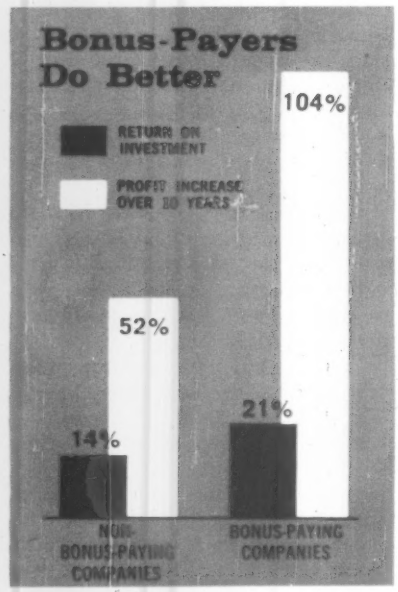
A large, decentralized company assigned a young executive to replace the retired head of its Canadian subsidiary, which had been losing nearly $1 million annually. Within eighteen months, he had put the division in the black, and in less than three years, net profits climbed to $1.8 million.

By any standards this was an outstanding managerial performance. Yet, during this three-year period, while division earnings were soaring, the new manager's take-home pay actually dwindled. To be sure, he received routine merit increases. But a sharp reduction in his bonuses more than offset these salary boosts, and his total income fell from $32,000 to $26,500.

This incentive-in-reverse situation was the result of a plan which provided for mathematical distribution of the executive bonus fund, rather than payments based on performance. As a result, while the Canadian division had done extremely well, poor management of two major U.S. divisions had reduced over-all company profits to the point where the bonus fund was cut in half. The go-getting executive was the victim.

It has been estimated that since 1945 the number of corporate bonus plans has increased more than 300 per cent. Today, six out of ten American companies have plans, which usually pay between 30 to 40 per cent of salary as additional compensation. And there is evidence that bonus plans create a profit-consciousness among executives that results in above-average company earnings (see chart).

In an increasingly competitive environment, with pressure on profit margins, it is logical that companies should turn to a compensation plan designed to pay off in bigger profits. However, more effective appraisal of executive performance is needed. Participants lose faith in the plan if they believe payments do not reward individual performance. This can happen if bonus payments are based on divisional profits alone, without considering the different economic situations which affect the operation of each division. For example, one division may lose money, yet do better than its industry, while another shows a profit way below its competition.



According to one recent survey, 100 bonus-paying companies did twice as well as 100 concerns of equal size that had no bonus plans. Cause and effect? Not necessarily—but it's a point worth pondering.

Many methods of appraising executive performance have been tried throughout industry. Evaluation of such traits as leadership, initiative, dependability, judgment, getting along with people, and so on was introduced on a fairly broad scale after the war. But this approach did not measure the effectiveness of the individual on his job. It recorded what was *thought* of him, not what he *did*.

Recognizing the drawbacks of this "popularity contest" approach, management next turned to setting quantitative goals for the year ahead. A sales executive, for instance, would be asked to boost sales 10 per cent, and his bonus payment would be mathematically determined by how close he came to the goal. However, this method had serious deficiencies, the most critical being management's inability to forecast with sufficient ac-

curacy and consistency between divisions or functions so that the mathematical payoff was fair.

In recent years, a number of leading companies have adopted what might be termed a "task-planning" approach. By this method, individual tasks related to long- and short-term company goals are set and the executive is judged on his ability to carry them out. Performance is assessed in qualitative as well as quantitative terms, although qualitative elements, of course, can't be measured precisely. For example, there is no mathemati-

Steps in Task Planning

Here are the essentials of an incentive compensation plan, based on realistic goals, that can help bring out the best in your executives.

Step 1
Long-Term Goals

Since short-term plans depend on longer-term objectives, top management must agree on a future course of action. For example, a consumer goods manufacturer might set three- to five-year goals on the basis of answers to such questions as:

- How much can volume in our present product lines be increased? How would this break down by markets?
- What new lines might we effectively produce and market?
- Should we expand by acquisition? In what direction should we move?
- Have we the manpower, manufacturing, and financial resources to take these steps?

Answers to questions of this kind must be well thought out and specific. As a result, company objectives are likely to be more realistic than the "wishful thinking" that so often is mistaken for forward planning.

The imagination, resourcefulness, and leadership of the company's chief executive is essential to make task-planning work and to overcome the executive group's natural inclination to the simpler, seat-of-the-pants management process.

Step 2
Year-to-Year Goals

Having agreed on specific long-term objectives, top management needs to translate these into a twelve-month timetable. For example, if specific increases in present products have been projected, and new product lines are to be added, progress expected during the next twelve months should be spelled out item by item.

This step calls for a detailed knowledge of the capacity of the organization to grow. Projected sales increases will not materialize if sales executives can't organize to market the products, if manufacturing is unable to meet agreed-upon schedules, or if engineering fails to design the better mousetrap it promised. This aspect of task planning calls for realistic assessment of the executives' ability to carry out long-term plans and the speed with which you can reasonably expect this to be done.

At this point, an aggressive management will set goals that "stretch" the capacity of the executives—but not beyond the point of practical accomplishment, for this would only undermine their faith in the program.

Step 3
Yearly Functional Tasks

Having set twelve-month goals, the next step is to break these company targets down into tasks for sales, manufacturing, engineering, finance, and so on. It is here that weaknesses in early planning are exposed. As noted, it makes little sense to project a sales increase that manufacturing can't meet, or to build manufacturing facilities for a product that engineering can't design in time.

At this stage, too, weaknesses in the organization of functional activities come to light. For example, company goals may call for selling to a specific industry, but no one may be responsible for doing so. Or a seasonal inventory build-up may be essential, but the necessary responsibility may not have been delegated.

Expanding knowledge of the economic consequences of a company's decision-making process is a by-product of this step, for management is forced to think deeply about the organization of its line and staff activities.

At least one company provides functional executives with a master list of basic factors to consider in the task-planning process. The aspects of each job that have the greatest impact on profitability are carefully assessed.

Step 4
Setting Up Goals

Having broken company goals down into functional tasks, the next step is to divide these tasks between boss and subordinate. This is not particularly difficult if the previous step is well thought through, although the functional executive must be able and willing to delegate responsibilities without abdicating control.

It is at this point that a thorough knowledge of the decision-making process in the company becomes necessary. A divisional "Operations Committee," for example, may be set up which would give the division manager veto power over decisions theoretically delegated to subordinates.

Here, too, it is important to identify the contributions of staff functions—market research, budgetary control, personnel, and so on—to decision-making. These jobs *should* influence decisions by line executives. Although the importance of this influence varies directly with the competence of the staff executive, the organization of the decision-making process may also severely limit its usefulness.

Sample Annual Performance Tasks

These are typical of the specific goals that are set for executives under the task-planning method.	Personnel Director	Engineering Manager
Quantitative Objectives	1. Cut recruiting costs 12% without cutting recruiting program. 2. Add hot lunches in cafeteria without increasing losses more than 5%. 3. Reduce headquarters secretarial costs by $75,000 by establishing a secretarial pool for non-officers. 4. Start foreman training program at a yearly cost of $55,000 or less.	1. Reduce COD costs from 2.8% of billings to 2.4% without impairing service. 2. Reduce engineering's phase of field adjustment costs by 5%. 3. Hold standard development costs to 0.8% of billings. 4. Increase the engineering staff by 12%.
Qualitative Objectives	1. Extend executive development program to include divisional and plant staff. 2. Improve techniques used in executive performance appraisal. 3. Broaden trainee program to include all college recruits, and cut time schedule to eighteen months. 4. Develop a program to provide the negotiating group with information that anticipates union demands more accurately.	1. Standardize motor frames in three shapes and four sizes. 2. Develop a new process for applying insulating material that reduces shorting. 3. Revise the training program to take care of the greater number of supervisors needed because of the engineering staff increase. 4. Complete the engineering and testing of the new line of motors currently in process of design.

cal yardstick that reflects the quality of future planning or the effectiveness of a training program or the ability to delegate responsibility.

Although relatively simple in concept, using the task-planning method is rather complicated. And, as the box on page 49 indicates, it calls for both common sense and imagination.

The advantages are that each man knows what is expected of him. Because jobs are clearly defined, individual efforts are likely to be more sharply aimed and better integrated. But probably the greatest single benefit is that superior and subordinate can discuss results on a reasonably factual basis. Since the subordinate had a hand in developing his own task-budget, he is usually well aware of his own hits and misses. The improvement in executive training that results from this interchange is an important by-product of task-planning.

Management should be careful to set individual goals that are equally difficult to attain. One manufacturer virtually destroyed the effectiveness of his incentive program by setting manufacturing tasks, which are readily measurable, on a far tighter basis than sales tasks. In a three-year period, this cost manufacturing executives almost 25 per cent in bonus payments, compared with the sales executives.

The major limitation of a task approach is that minor performance differences between individuals cannot be measured, since the final decision is based on human judgment.

However, this is not so serious as it seems, for the primary objective is to distinguish *major* differences in performance. After all, the purpose of the appraisal is to reward the outstanding men and either train or eliminate the poor performers. (Incidentally, the quickest way to upgrade an organization is to replace the poorest 5 per cent of employees each year.)

One of the most important elements in the task-oriented approach is the discipline it enforces. Top management can hardly establish sound annual goals without having thought through longer-term objectives. It can't set up practical tasks for various executives without having delegated responsibility and authority. It can't develop task-budgets for lower-echelon executives that are inconsistent with those established for their superiors. And it can't effectively appraise individual performance without developing an environment in which executives are held accountable for their work.

The task-based approach to judging performance forces top executives to do those things essential to good management. In the final analysis, the ability to set corporate tasks that stretch the capacities of individual executives and are keyed to maximizing profit opportunities is the hallmark of superior management. END

One of the nation's leading experts on executive compensation, Arch Patton is a director of the management consultant firm of McKinsey & Company. His articles appear frequently in business and professional magazines.

Special Events:

It Pays to Be Friendly

HAL GOLDEN

Colorful community events are gaining favor as companies seek to capitalize on the open-door policy.

The payoff: Community good will, better employee relations, improved recruiting—and often higher sales.

WHEN the Westinghouse Electric Corp. broke ground for its new power transformer plant in Muncie, Ind., last November, most of the town, from butcher to banker, was invited to attend the special ceremony and gala celebration that accompanied the spadework.

Westinghouse President Mark W. Cresap stated the purpose of the celebration in his keynote address:

"It is our hope," he said, "that this event will be remembered as the beginning of our partnership with this community."

This attitude of friendship—of reaching out to the community for broader acceptance and understanding—is the primary stimulus behind today's dramatic increase in the use of special community events in business and industry.

The blossoming romance between company and community is more than a mere flirtation. Business executives and industrialists are learning that special event programs pay off, and, as a result, are spending more time and money in getting the public into their act. Each day, more companies are swinging open their doors for grand opening celebrations, plant tours, and open-house parties.

The cold, unfriendly "Keep Off the Premises" signs that once marched around many industrial plants are rapidly disappearing, and in their place the welcome mat has appeared. And the public loves it. More and more company executives are taking an active role in local civic affairs. Projects and problems which once were the exclusive consideration of the local women's club, charity, or school board are now being tackled by executives of local companies, large and small.

The entire approach is a reflection of a broader and more basic concept of the "peaceful coexistence" of company and community—a concept which has gained acceptance among successful companies across the nation.

Good community relations have a special importance today, when companies are being obliged to take a firm and generally unpopular stand in dealing with current labor problems. Special events are providing the company with the perfect opportunity to meet its new community neighbors in an intimate fashion—either face to face at an opening ceremony or plant visit or through the local press, which so often devotes space to these activities.

Top executives have discovered that an elaborate grand opening program, for example, is an effective way for the company to dramatize its contribution to the community. The opening ceremony is used to symbolize the cooperation between the community and the business organization, and companies are wisely

including civic leaders in the planning.

This "partnership" approach is particularly important where new plants or laboratories are being built and opened, since new industry is almost always greeted with mixed emotions by the citizens of the community.

Last year when Cities Service Oil Company opened its Trafalgar Refinery near Toronto, the ceremonies drew more than a thousand visitors. Using techniques that just a few years ago would have been frowned on as undignified, Cities Service representatives met their guests in a miniature railroad train, colorfully decked with flags, and shuttled them to the new plant. A bagpipe band led an informal parade of company executives and community officials through the premises, and when the speeches and opening remarks were over, the plant was thrown open to the crowds for guided tours.

What the crowds found on the inside of the plant was not just a sleek and efficient modern $27 million refinery, but exhibits graphically pointing up Cities Service's deference to the community's civic pride and interests.

Figuring the payoff

Although the concept of "community acceptance" is now more or less at home in the walnut-paneled offices of the decision makers, top managements don't by any means agree on how far a company should go in courting this acceptance. And although companies that do practice some kind of community relations program unanimously agree there is a payoff—of a kind—the degree and substance of that payoff still provide a major area for debate.

One effort to document the payoff of community events programs—both as to degree and kind—has been made by the Bureau of National Affairs, which questioned top executives in 196 companies of all types and sizes across the nation.

In gaging the effectiveness of their programs, these executives used several yardsticks—personal contacts, surveys of community opinion, and success in recruiting workers. Data on turnover, employee cooperation, and grievances also proved valuable, and a large number of companies also used mail response, newspaper reaction, and business volume as criteria.

The BNA survey revealed a significant gain in management acceptance of the responsibility to be a "good neighbor." Back of this gain is evidence that companies which do engage in well-planned programs of community events enjoy a number of tangible benefits: better employee relations, improved recruiting, increased sales, and a general attitude of good will toward the company.

More than a fourth of the executives surveyed are convinced that coordinated community events programs can be credited with lessening turnover and labor friction and improving morale.

One out of every three companies reported that well-planned programs had eased their recruiting problems. One in seven reported increased sales—a proportion that is bigger than it looks, since only one company in ten depends upon the local community as a major market for its goods and services.

Good will—the community's understanding of the company and its problems—was cited by more than two-fifths of the companies as an important product of community events programs. Executives reported that where community officials understand and appreciate the company's policies and operations, there is a greater willingness to cooperate with the company on such matters as water supply, roads, stream pollution, and the like. In addition, they found that community good will can be a real asset in times of shortages, during labor disputes, and in other similar emergencies.

Of all community special events, plant visits and company open houses—cited by 80 per cent of the respondents—were most popular with companies of all sizes.

A plant visit is one activity which any company, large or small, can pull off with style. An organized tour with the company playing host can be beamed toward the public in general or to special interest groups such as employees' families, local school teachers, women's clubs, parent-teacher groups, business clubs, and service organizations.

Best foot forward

The main object of a plant visit, of course, is to give the guests a positive if not flattering impression of the company, which they will take home and pass along to friends and neighbors.

Local school teachers, for example, are virtuosos at making a plant visit work in several directions at once—all, it is fondly hoped, to the benefit of the company. A teacher may discuss her tour in class to illustrate how modern business operates and then arrange for the class to visit the plant, too, as a special project in civics, social studies, or current events.

Guidance teachers are always looking for career and employment oppor-

Here's How

Some tips on planning a special event:

- Appoint a general coordinating chairman, answerable to top management to oversee the event. He should be a good organizer with the ability to generate enthusiasm.
- Set up a steering committee that includes both management and employees and divide responsibilities equally between the two groups.
- Include civic officials and community leaders in the planning wherever possible to assure broadest possible cooperation.
- Check the proposed date of your event against conflicts with other community observances or religious holidays. Don't force yourself to compete for community attention.
- Let everyone in on the event through announcements and reports in employee bulletins and local press.
- Make certain that representatives of top management appear in person at your event as evidence of the company's interest in the community and the importance it attaches to the event.

Here's When

Occasions for special events that can further understanding:

- After periods of labor unrest and strife, to soften resentments and renew trust.
- When a competitive industry moves into town, to hold on to your share of the labor pool.
- On company anniversaries, to remind the community of how the company has benefited it through employment, taxes, and so on.
- During community celebrations, to underscore the company's interest in being a good corporate citizen.
- On opening a new plant, to link company growth with local prosperity.
- Following a serious plant accident, to renew community confidence.
- After a switchover from civilian to military production, to dispel apprehensions about necessary security measures.
- After a merger, to emphasize the advantages a larger company offers the community.

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tunities that they can recommend to their pupils, and a plant visit is one way to show them the advantages which the company has to offer.

Again, women's clubs are always on the lookout for new and interesting programs, and a plant visit can give them a lot of information to take home concerning the way such-and-such an item is manufactured "right here in our town"—or, simply, show them what a nice, friendly bunch the people at the plant are.

Finally, business and service groups may, after a plant visit, see more than just the assessed valuation in the company's importance to the community. There may be potential customers in such a touring group. More important, the tour is bound to improve relations with the community.

Although plant visits are fast becoming the mainstay of community events programs, there is no limit to the projects that some companies will undertake to win the popularity vote.

In Greenville, Ohio, for instance, an Inland Steel Company plant threw its resources—and its employees—into the town's 150th birthday celebration which recreated its historic past. Citizens donned frontier garb, grew beards, and threw a three-day wing-ding complete with street shows, parades, and beauty contests. Inland shared in planning them all, and its employees walked off with a fair share of the prizes, too.

Reversing the usual pattern in which a company joins in a tribute to the community, the little East Texas town of Marshall recently staged a seven-day salute to its major industry, the Atlas Powder Company.

Marshall city officials, business and financial leaders, educators, students, Atlas employees, and fraternal groups participated in the event, which was designed "to express the appreciation of the town's citizens to Atlas and its employees for their contributions to the area's prosperity."

Climaxing the week's festivities was the dedication of a new Atlas laboratory and plant, followed by an open house and a series of plant visits.

Where imagination counts

The character of community events like these is limited only by the imagination and dedication of those who plan them. Where large corporations and industries are conducting events gigantic in size and international in flavor, smaller concerns are making up in originality and just plain fun what they lack in budget and scope.

Budgets, however, are always a major factor in planning. Unfortunately, the actual cost of these programs in dollars and cents is difficult to estimate, since a community events program is usually included in a company's over-all public relations budget.

In most companies which engage in community events programs, budget planners make an educated guess as to the cost and then drop a lump sum, like an extra potato, into the pot. This is also common practice for any specific event that may be scheduled for the year ahead.

One reason it's hard to put a price tag on community events is that, although most of them are inspired and executed by public relations departments, other divisions of the company get into the act, too.

In any case, the biggest cost to the company is more likely to be measured in man-hours than in dollars and cents. A typical plant visit, for example, costs relatively little, depending on the company's facilities. Cost items such as signs, displays, special transportation, and food and catering can be trimmed considerably when, for instance, the company maintains its own sign shop and cafeteria.

But the fact remains that employees must be taken off their accustomed chores and assigned to the special event. Since there is no generally accepted formula for setting community events budgets, cost patterns are bound to vary from company to company.

Although the specific benefits of community special events programs are still a subject for debate, there is no doubt that the programs are here to stay and that they will grow in number as company and community continue to draw closer together.

Herman W. Steinkraus, chairman of the board of the Bridgeport Brass Company, sums it up this way:

"I know of no better way for an industrial company to clear up any misconceptions which people may have about its own organization or American business and industry as a whole than to foster good relations in and with the towns and cities in which its plants are located and its employees live.

"Good community relations are good business and more than that. They make good sense." END

HAL GOLDEN, *director of public relations for the Greater New York Fund, the nation's largest network of local charities, is a former special events and public relations director of Gimbels department store in New York and other major commercial and industrial companies. His book,* How to Plan, Produce, and Publicize Special Events *(see note, page 72), was recently published by Oceana Publications, Inc.*

AN INTERVIEW

WITH

JUSTICE WILLIAM O. DOUGLAS

Justice Douglas ponders a question. His interviewer: DUN'S REVIEW *Contributing Editor Paul Wooton, dean of the Washington press corps.*

The New Internationalists

At home, the U.S. business man thrives on competition. But the competition he meets overseas, particularly in the newly emerging nations of Asia and the Middle East, is different and unsettling. There he must often deal with people who prefer socialism to free enterprise, mistrust the white man's motives, turn a deaf ear to explanations of "the American way." In such an environment, how can he do business profitably and still win friends? DUN'S REVIEW *presents the answer of an acute and sympathetic observer, long familiar with the lands where we and the Communists vie for trade.*

Q Mr. Justice, the American economic system has produced the highest standard of living in the world, yet we have generally been unable to "sell" it abroad. What do you believe are the main reasons for this? Has it been the fault of our business men operating overseas?

A No, I don't think so. You see, the newly developing countries are for the most part quite socialistic in their philosophy. Under American capitalism, wages are high, dividends go back into schools and parks and hospitals, business is conscious of its responsibility to the consumer and the public.

But Asia, for instance, has had a very bitter experience with capitalism. The kind it knew was largely exploitation—the sort of capitalism Karl Marx wrote about. The colonial powers sucked out most of the dividends—they left very little behind for schools or roads or hospitals or wages. A 25 per cent return on capital was not at all unusual. Against that background, it's not much use for a U.S. business man to say, "We have the system you should use."

Aside from that, it's poor policy to go abroad and tell people their system is no good. Naturally they get defensive. We would feel the same if they came over here and said, "You fellows should socialize."

I do think the American business man has a great contribution to make abroad—and that is in getting the job done, irrespective of ideology: digging the irrigation canal, putting in the steel mill. We can do it faster—and I think better—than any other country in the world. The best argument we can make is just the performance.

Q Do you believe, Mr. Justice, that there is unavoidable conflict between the aims of the private business men seeking profits in a foreign country and the aims of its people or government?

A There is no conflict at all. We of the West have concentrated upon mastering our environment and developing our technology. The problem of Asia and the Middle East now is to introduce technology—and the best exponent of it is the American business man.

Incidentally, some of the most knowledgeable people about conditions in Asia and the Middle East are American business men. They are used to looking through the maze of politics and finding out basic conditions: How many pounds of fertilizer do you use? Do you have a fertilizer plant? If you used fertilizer as we do, you would have a food surplus instead of a deficit. It is interesting, by the way, that there are expert American business men who think that India is not over-populated, but only under-fertilized.

Q Is ordinary American business conduct acceptable in foreign countries? Is the straight-shooting, "get-it-done" type of American considered loud, pushing, nosey? Are deals and competitive maneuvers accepted as legitimate and smart?

A Competitive deals, I think, are admired everywhere. After all, there

are many, many sharp business men in all those areas. You go along the Phoenician coast and you will find some of the sharpest critters you ever met. The financiers in Southern India, and over on the west coast in Bombay —they know what an eighth of one per cent means. Asia and the Middle East have some of the best business brains. The things that they don't have are modern production know-how and management skills.

As for the loud, pushy American—he usually ends up with ulcers and disappointment. It can't be done that way. These people have great pride and dignity. If you start pushing them around, you get a violent reaction. But a soft-spoken word, an extended hand, a smile, may open all sorts of doors.

Q Mr. Justice, it has been said that many American business people overseas live in compounds and keep to themselves. How do you think this might affect the concept of America?
A That is one of the most difficult and tantalizing questions you could ask. In the first place, we are a free country and nobody in Washington, D.C., can tell you or me that we have to go to Afghanistan to work. Russia pushes its people around, tells them where to go. We have to be offered inducements. And our young men—especially those with families—don't like to go out to dust-blown, flea-bitten, dysentery-affected areas and live as the people live. They like to take their American standard of living with them.

I think so much depends upon the man who is in charge of the job. If all of our people could speak the local language, for example, instead of working through interpreters, even though they lived in air-conditioned, sanitary houses, they would find themselves moving around more within the communities.

We don't have too much respect for people coming here who can't speak anything but, say, Japanese or Hindustani or Urdu. Other people are very much like us.

In this situation, I think that the first step for American business is—sponsor more language courses. This is one reason the Russians have that slight competitive edge on us. Afghanistan, for instance, is swarming with Russian experts and every one of them speaks either Persian or Urdu.

Q A good many American business men who visited the Soviet Union recently have been tremendously impressed by the economic accomplishments of the Russian system, and correspondingly apprehensive about the future of our own. Do you feel that American free enterprise can win out over the Communists in economic competition in the uncommitted nations, or are we in danger of losing ground in Asia and elsewhere?
A That's a pretty large question. The Russians—and I think you will very shortly find the Red Chinese in the picture—do business on a political level. They haven't got production up high enough to take over the world economically. But they have enough to marshal assets for critical situations here and there, going from country to country as crises develop and trying to move in as the saviour of the situation.

Their economic program is designed to make countries dependent upon them and their tactics vary from situation to situation. American business, operating alone, with costs to take into account, cannot always keep up with them.

But it's not so easy for Russia as it might seem, because the world is getting a little wiser. Hungary cost Russia a lot of good will. In Asia, Tibet raised the doubts of many about Communism, doubts they never had before. In the recent election in Kerala, in South India, the Communists were defeated after they had won in 1957.

So even if Russia can undercut us in some strategic situations, she is not necessarily going to get the contract —because the country will know that if an American company puts up a factory, a dam, an aqueduct, there will be no strings attached.

Q Is there any one mistake, Mr. Justice, that you could point out as a rather common error made by our business men abroad?
A Well, if there is one—and probably most business men are avoiding it nowadays—it's trying to remake other countries in the image of America. Again, I just don't think it could be done with all the money or all the armies in the world.

Let me give you an example. These young nations in Africa are coming out of a tribal environment. That's about as far as you can get from the free enterprise we know, but it is very close to the cooperative movement that we have on some of our farms and to the cooperative movement in Israel.

Now there are Jews from Israel who are doing a perfectly wonderful job in Africa. They come from that cooperative—call it socialistic—environment, and the problems they meet look much more familiar than they would to us. So, they reach an understanding with these people more quickly than perhaps some of our business men would.

It's not an insuperable barrier. All I say is that we should try not to say, "Our mission is to convert this or that country to the free enterprise system." That is a high political job and attempting it would probably end in frustration. The greatest—I cannot repeat this too much—the greatest contribution we can make is to show what the excellence of American free enterprise is. What it can produce. That is our best advertisement. END

When William O. Douglas started off to Columbia University Law School in 1922, he paid his fare by "herding" a carload of sheep from the west coast to Chicago. The same enterprise and unconventionality have led him to climb mountains, explore the hinterlands of Asia, and write a dozen books (in the past ten years) between sessions of the U.S. Supreme Court, to which he was appointed in 1937 after two years as chairman of the Securities & Exchange Commission. His Court opinions have been notable for their defense of free speech—even when it "stirs the public to anger." The titles of his books—*Almanac of Liberty, Of Men and Mountains, Strange Lands and Friendly People* are three—give a clue to this man of informal ways who never shrinks from controversy or adventure.

The Myth of the Production Wizard

CLARENCE B. RANDALL

Perpetual motion, split-second decisions, and jet-propelled personality are his hallmarks. He can run any function of the business better than the man he hired to do the job—and he can't stop proving it. Sometimes he's just as good as he thinks he is. But his kind of management can cost a company its future.

WHEN the King of Libya moves about his country, the seat of government goes with him. This is not the fault of the monarch, who is an able person, but stems from the history of this new nation. So divided in interest are the various provinces that there can be no single capital. The net result is that when the King is in Benghazi, Cyrenaica has an intensive surge of administration, but everything slows down again when His Majesty and the Cabinet move to Tripoli.

The wizard at work

We have business men who are like that—and it is their fault. At the plant level, they roam through the various departments all day long, bursting suddenly into an otherwise orderly scene with a gust of turbulence that creates intense activity for a brief period but leaves confusion behind when, like a strong wind, they blow out the door again. They move with swift decisive steps, but they do not move in any consistent direction. They speak rapidly and in a loud voice, but when they have left no one is quite sure what they have said.

At the presidential level, they roar into each plant or branch office in turn, determined to root out incompetence on the spot, spur the laggards to new effort, and in general whip up morale by a violent display of dynamic personality. They spend their lives in airplanes, seldom sleep twice in the same bed, and run up enormous long distance phone bills. When in Peoria, they must keep in touch with Kalamazoo, for it wouldn't do to let the boys there slow down when deprived of their strong leadership.

Great ideas come to these men while shaving, and they see to it that no time is lost in putting them into effect. If it happens to be a question of finance, they call the bank direct, not the treasurer in the home office. If it is a new merchandising gimmick, they call the customer, not the sales manager. If it is a product change, they call the department head but not the plant manager. Action, action, action is their life. The very physical exertion brings them deep satisfaction. It is their symbol of efficiency.

Oddly enough, many of these men are, in fact, extraordinarily able. They are great individual performers. Like the boss on a construction job who can run every hoist and drive every tractor, they can often literally run every division of the company better than the man in charge. But as managers they spread chaos instead of leadership.

This singular defect is not limited to business men. It is found in all walks of life.

Take lawyers, for example. The real leaders of the bar have busy but serene lives. They can work hard over a long weekend if they have to, but by and large, they keep normal hours, and they leave the job behind when they walk out of the office. But every large city has plenty of members of the bar who are no more than legal hacks. They catch the last car of the 6:10 every night, carrying bulging briefcases. These are the men who mistake overtime for wisdom.

Science and applied technology breed such men, too. They can and do put in prodigious hours in the testing laboratory, but ask them when their project will be finished or what they believe it will cost, and you will be dismayed at their uncertain replies. There must be a hundred brilliant research men for every one who can competently plan and administer a scientific program.

The "indispensable" menace

From the viewpoint of the stockholder in a corporation, the production wizard is dangerous, no matter whether the job he holds is that of general foreman or chairman of the board. It makes no difference how brilliant or versatile he may be when working alone on a particular task; when he attempts to organize and lead a group, his conduct is the direct antithesis of effective management, and no important responsibility can safely be put in his hands. Just as a matter of ordinary prudence, he is a bad risk for the company. To depend on him is like running a power plant without a spare generator. When he stops, everything stops.

I have seen quite a bit of shipping in my day, and I am certain that I would not want to be a passenger on a vessel where the captain was the only man aboard who could handle her in a storm. Appendicitis can strike quickly, and all too often does. The master should be a fine figure of a man, whose mere appearance inspires

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Formerly board chairman of Inland Steel Company, the author of this exclusive series on the folklore of management is a leading elder statesman of business, currently serving as special Presidential advisor on foreign economic policy. His latest book, The Communist Challenge to American Business, *appeared last year.*

From the viewpoint of the corporation stockholder, the production wizard is dangerous whether his job is general foreman or chairman of the board.

immediate confidence in his seamanship. But on a well-run ship, where the crew is competent and well-disciplined, you won't be able to tell from down below whether the captain is on the bridge or not.

The fact that sickness or accident might remove such men from the active scene never crosses their minds. They behave as though they believe themselves to be immortal, making no orderly provision for the future. When untimely disaster does overtake them, they are overwhelmed with surprise and indignation.

They never, of course, retire voluntarily. Hypnotized by the sense of their own indispensability, and having had nothing in their lives to provide challenge other than the daily routine of exacting physical activity, they hang on indefinitely unless removed by higher authority. Of course, when the No. 1 boss man himself is involved, there *is* no higher authority, and creeping stagnation slowly paralyzes the enterprise as his senility advances.

A matter of temperament

Unhappily, too, the production wizard is usually unfit by temperament to select and train his successor, even if he were so minded. Strong men of his type do not ordinarily tolerate other strong men about them. They thrive on adulation and favor the patient workhorse who asks nothing better than to worship from afar. Nor will strong men stay in an organization molded by such a leader. The independent spirits, those who have the creative spark and the will to advance in responsibility, find no satisfaction in this climate. They break away to find more congenial surroundings and greater opportunity.

Many companies hesitate to give up these colorful personalities because of the glamorous, though deceptive, quality of their activity. But in the long run, it is wiser to have surgery without delay. Far better to build upon a man of lesser talent who has a sound instinct for team play than to hope for change in an incorrigible star performer.

The truth is that our great American corporations, those which are universally respected for the high quality of their achievements in every phase of their endeavors, are dominated not by men but by ideas. Quite often the names of their leaders, those who have made these organizations what they are, are scarcely known to the general public. Such corporate officers display in their lives both humility and a high sense of trusteeship. They know that men are mortal and subject to coronaries, but that what is wise and true will last a long, long time. They hedge every human risk by sharing responsibility and by building their promotional resources in depth. They cause an all-pervading business philosophy to seep down through the echelons of command until the common purpose and common objectives pervade all ranks.

What are these ideas, these corporate concepts, which, when employed to inspire and guide group action, set apart the fine companies from those that merely get along?

First, there must be a clear-cut and reasoned labor policy, an attitude toward the workforce which is based on justice and on full understanding of the modern scene. This will not be formulated by lawyers, but will be consciously arrived at by thoughtful management after weighing law, psychology, economics, and human values. It will be held in common by all who deal with labor, and no individual will be permitted to substitute his own set of prejudices for the institutional philosophy.

If it is determined to put every job on a merit basis without regard to creed or color, then this will be done with complete sincerity throughout the whole organization. Those who cannot carry out such a policy with honesty will be removed from the sequence of authority. If the contrary philosophy is to prevail, then the facts will be squarely faced. There will be no ducking the issue.

If management has determined that a particular plant will be operated on an open-shop basis, then the reasons underlying that policy will be made entirely clear to all concerned, and strict compliance with both the letter and the spirit of the law will be rigidly enforced. There will be no evasions or subterfuges.

Bargaining in good faith

If, on the other hand, collective bargaining is to be undertaken with one or more units of organized labor, the community will be made fully aware that the company accepts unionism and intends to deal with both the international and local officers in a spirit of complete cooperation.

When it comes to personnel policies involving rates of pay for hourly workers, salaries, incentives, bonuses, stock options, promotions, and advancement, the company will seek to establish a deserved reputation for fairness and objectivity. Nepotism will be eliminated. Every man will be made to feel that his continuing performance will be evaluated strictly on merit. This includes treating all alike when retirement age arrives.

So far as product and sales policy are concerned, the customer will come

Far better to build on a man of lesser talent with a sound instinct for team play than to hope for change in an incorrigible star performer.

to know that instead of having to rely on the slick promises of one man—which may sometimes be brilliantly performed, but are not infrequently forgotten or ignored—he is dealing with an organization that is consistently reliable. He will have confidence that every man who bears the name of that company on his business card will be found altogether trustworthy when he makes commitments.

Behind all of this there will be a consciously evolved business philosophy, a set of principles which will guide and govern the conduct of all who work for the company. By this I mean not only a positive code of business ethics, which is a must in any case, but an unqualified acceptance of the responsibilities created by participation in the American systems of private enterprise. For example, the imperatives of the free market will be scrupulously respected. Those who sell will yield to no temptations here. They will know that whoever attempts to impose private control over prices is asking for ultimate public control. They will understand that when competition ends, the slow death of private enterprise begins. Monopoly power must rest in the state alone in a free society, and even there it is dangerous.

The public be served

A corporation whose every activity is both motivated and governed by such a compelling business philosophy will at all times display responsiveness to public need. Its officers and employees will instinctively understand that the welfare of the institution and that of the community are inseparably linked. This is the responsibility of private capitalism, which must be accepted as the offset to the privilege of the pursuit of private gain. The preservation of our liberty can be achieved in no other way, for in this modern world, social need will not be denied. It will be met, either voluntarily or by the ultimate compulsion of the state.

In addition to the corporate social responsibility, each employee, from the president down to the janitor and the watchman, has his own personal obligations as a citizen to discharge. He must be not only permitted but actively encouraged to carry these out strictly in accordance with the dictates of his own conscience. Here it is the complete absence of control that characterizes the management of a company which fully measures up to the highest standards.

> ***In the modern world social need will not be denied. It will be met, either voluntarily or by the ultimate compulsion of the state. Welfare of company and community are inseparable.***

For the corporation that is planning for the first time to go overseas, either to build a plant or to distribute its product—and there are many such these days—the basic code must be enlarged to add new principles to govern the unfamiliar problems that will be encountered. In the foreign country, both the physical and the human factors will be different. Desert heat and Arctic cold are difficult to cope with; so are language barriers and diversity of race, color, and religion. But social responsibility will still be the key. No officer or worker may be allowed to forget for a moment that in everything that he does he bears the flag of the United States. What he says and what he does may be more important in its bearing upon the foreign relationships of our country than the negotiations of our ablest diplomat. Every American supervisor resident in a foreign area is the United States in the eyes of those who see him at work. Above all, the company will preserve its honor. It will never buy its way into a profitable concession by bribing the representatives of a foreign nation. The cynical cliché that "You can't do business in any other way down there" will never pass the lips of a man who really values the American way of life.

In a company that is dominated by ideas and not by men, one in which a consciously evolved business philosophy guides and governs all who have a part in the enterprise, how are its principles arrived at?

In much the same way that a man arrives at his own basic code of conduct. But the process, which is a function of education, experience, sober thought over a long period of time, and just plain character shining through, is a collective and not an individual process. Many, many minds must add bits of wisdom and experience until the mosaic of principles achieves solid strength and stability. Just as in the Anglo-Saxon system of jurisprudence, under which the common law developed as a composite of the thinking of countless judges, so the philosophy of a well-managed company reflects the highest common denominator of the judgments of as broad a group of leadership as is at the disposal of the management. No single brain, no single exercise of will can equal the distilled wisdom of a diversified group of informed minds. Decision making is the prerogative of the individual, but the forming of policy within which decision making is to operate is a collective function. The larger the number of minds that are brought to bear upon the forming of a basic philosophy, the greater the chance that it will be wise and enduring.

Courage is the key

The best of ideas, however, must find expression through people. Only then do they come alive, and this is where leadership and example become of paramount importance in projecting into the community and the nation the basic code of principles upon which the ultimate reputation of a fine company rests. There are many men who know the right but dare not do it. They must be led into action by the bold, daring spirits who are completely unafraid when wisdom and truth are challenged by expediency. Such men are rare, but they mark for all time the dividing line between management which is truly distinguished and that which rises no higher than mediocrity. They know what they believe, and they never lower their standards.

Business responsibility in America during these difficult modern days is grave indeed. It calls for our very best in courage and discretion. We need mature leadership that is qualified both in breadth and in depth. Today no single man, however strong physically or brilliant mentally, should be allowed to run amok in management.

END

American manufacturers are now importing or manufacturing overseas for the U.S. market over $1 billion worth of products and parts each year—mainly to counter foreign competition. But there are other sound reasons:

To diversify

To test a market

To save on capital investment

To gain access to special skills lacking in U.S.A.

To take advantage of raw material availability

To save heavy product development costs

Meeting the Import Challenge

U.S. Industry Goes Overseas

"If you can't beat 'em, join 'em!" To meet the challenge of imports to their markets, a growing number of manufacturers in a broadening spectrum of industries are applying this time-tested principle of competition. Some are manufacturing overseas for the U.S. market. In an effort to cut costs on their own made-in-USA products, others are going abroad for foreign made components. Still others are actually becoming importers themselves.

Already, U.S. manufacturers are importing an annual total of more than $1 billion worth of goods made outside the United States, either in their own plants or those of independent foreign manufacturers. This figure includes over 175,000 cars and trucks, $250 million worth of goods from Puerto Rico, millions of transistor radios and sewing machines from Japan, and hundreds of thousands of typewriters from England, Holland, and Germany.

Importing by manufacturers is nothing new. For years, imported spirits, clothing and textiles, watch movements, lenses, and cigarette lighters have been sold in the United States under familiar American trademarks. But today manufacturers of such diverse products as hydraulic turbines, outboard motors, and flower pots are getting on the bandwagon.

Not only are more manufacturers getting into importing, but they're bringing in goods from a greater number of countries. Once pretty much limited to Great Britain, Switzerland, and Germany, this U.S.-sponsored manufacturing now takes advantage of the skills of industrialized nations such as France, Italy, Belgium, Denmark, Austria, and Czechoslovakia.

Lower wages attract

In Puerto Rico, Ireland, Jamaica, Israel, the Philippines, and Hong Kong, where lower wages, raw material availability, or other advantages make up for the lack of an industrial base, Americans with technical skills and organizational ability are setting up plants to make U.S.-bound goods. At present, an area in the Bahamas is being organized partially for this purpose, and enterprising American companies are on the lookout for other likely spots to set up operations.

How will this sudden boom in importing by manufacturers—a by-product of the growing world market—affect the American economy? If U.S. manufacturers turn importers in earnest on top of all the importing stimulated by giant retail outlets, what will happen to our balance of trade, now perilously close to the turning point? What if a growing number stop production altogether in the United States? What would be the effects on U.S. employment levels—and, ultimately, on the purchasing power needed to buy all these goods?

Admittedly, some of these are "scare" questions. But even if the dangers they conjure up are mainly hypothetical at present, the current trend is worth a closer look.

Importing by manufacturers falls into two major categories—"defensive" and "offensive" importing. Cur-

An Unusual International Partnership

Two years ago, an American importer came with a novel proposal to the management of Channel Master Corp., an Ellenville, N.Y., manufacturer of TV antennas, playground equipment and aluminum tubing. The importer wanted Channel Master to distribute the transistor radios which he was importing from Japan. After considering the proposition, management rejected it on the grounds that such an importing arrangement —using a middleman—just wouldn't work.

But Channel Master did like the idea of handling a new, potentially profitable product line through its established distribution system. So company executives began to make inquiries in Japan to find out which companies would be interested in private-label manufacture of transistor radios for Channel Master. Sanyo Electric Company, Ltd., of Osaka, turned out to be the likeliest prospect.

Next, Sanyo's American representative in New York was invited to inspect Channel Master plants and meet its distributors at a sales convention. After satisfying themselves as to Sanyo's capabilities (9,000 employees, $60 million annual sales), Harry Resnick, president, and Harold Harris, vice president of Channel Master, flew to Japan.

It took two weeks of intensive negotiations to come up with an agreement: Sanyo had already been twice burned in attempts to sell in America through conventional importers.

The agreement Channel Master and Sanyo came up with can run on indefinitely. It makes Channel Master the sole American distributor of Sanyo's electronic products (Sanyo also makes appliances). Channel Master is obligated not to distribute any products that compete with those it imports from Sanyo. In turn, Sanyo is helping Channel Master by acting as its Japanese agent for other lines—e.g., receiving tubes and hi-fi equipment.

Proof of the pudding: mostly as a result of its importation of transistor radios, tubes, and hi-fi, Channel Master's sales jumped from $20 million in 1958 to nearly $34 million in 1959.

rently, most of it is defensive. To halt inroads into their domestic markets or regain ground already lost to foreign competitors, American manufacturers are bringing in from abroad goods that could easily be made in their own plants. Examples are bicycle parts, sewing machines, autos, typewriters, and machine tools.

A smaller but faster-growing group of manufacturers looks on importing as a means of rapid and profitable diversification with low capital investment.

A good example is the importation of Kienzele accounting machines from West Germany by Smith-Corona Marchant, Inc. According to Emerson Mead, executive vice president, it might have taken his company ten years to develop fully a similar machine on its own. At the same time, Smith-Corona Marchant is bringing in portable typewriters made by a manufacturing organization it purchased in Great Britain. This latter move, although defensive, was also planned as a means of helping the company gain a share of the world typewriter market.

There are also more specialized reasons for importation by manufacturers:

- *Market testing.* For example, Clark Brothers Manufacturing Company, Olean, N.Y., a division of Dresser Industries, wanted to see if there was a demand for an industrial gas turbine smaller than any it was currently making. To find out, it brought in the Ruxton turbine from England. When a sizable market failed to develop, Clark Brothers decided to continue importing the machines instead of making them here.

Similarly, General Electric Company plans to bring in between 100 and 200 pint-size (75 hp) German gas turbines in the next few years. If a market develops for them, as expected, GE will then undertake to manufacture them in the United States under license.

- *Raw material availability.* A. O. Reynolds Company, Lebanon, Ind., developed a flower pot made of peat moss. When the plant and pot are put in the ground, the pot soon disintegrates into the surrounding soil. Since peat moss is comparatively expensive in America, the company is also having the pots made in Ireland, where it's dirt-cheap. In addition, they have found that it costs less to ship the pots from Ireland to many parts of the U.S.A. than to send them by rail from Indiana!
- *Technical excellence.* The International Telephone and Telegraph Corp. is bringing in automatic post-office equipment manufactured by its Belgian subsidiary. There is simply nothing like this advanced equipment made here. It was developed for a postal system that's 50 years ahead of ours.
- *Conservation of capital.* The Doman Helicopter Corp. is having its new 10-place model made in Italy. Manufacture here would have called for an investment of $1 million.
- *Avoidance of heavy product development costs.* For example, Douglas Aircraft Company will distribute and service the French-built Caravelle in the Western hemisphere. If a market develops, Douglas will build all or part of the twin-engine Caravelle in Santa Monica. As a result of this move, Douglas has dropped plans to develop its short-to-medium-range DC-9, which would have cost about $100 million for R&D.

Ways to do it

Generally speaking, imports by U.S. manufacturers are of five kinds:

1. *Products of an American manufacturer's foreign-owned plant.* Under this arrangement, common a few years ago, the import was designed primarily to suit the local market. Today, it is often specifically designed for the American market, but—thanks to the "Americanization" of public taste in many countries—can also be sold in the country of origin as well as on the world market. For example, the first English Fords brought to the United States about ten years ago were designed to suit English tastes. Today the English Ford is styled more in the American manner and built with American-type hardware for ease of servicing over here.
2. *Products manufactured for U.S. import in a plant bought or built specifically for this purpose.* This is best typified in Puerto Rico, where over 95 per cent of the new plants built by "continental" manufacturers produce goods for sale in the United States. If a Puerto Rican retailer within sight of the plant wants to stock its products, the goods usually have to take a 3,000-mile detour to the mainland and back.
3. *Products or parts specially made abroad.* Here the U.S. manufacturer draws up complete specifications for

Solid Servicing Essential to Successful Importing

Some of the manufacturers who import take unusual steps to insure that foreign-made goods are backed up by fast, efficient servicing. Studebaker-Packard Corp. has brought over mechanics trained in Germany by Daimler-Benz. Any S-P dealer can hire one under a three-year contract. Here a Daimler-Benz mechanic is shown (left) working on a Mercedes sports car at a local S-P dealer. At right, three Japanese technicians diagnose troubles in transistor radios sent in for repair to Channel Master's Ellenville, N.Y. plant. (Actual repairs are made by women.) Sanyo Electric Company lends the technicians on a rotating basis. Their salaries are banked for them in Japan, and they live here on allowances.

a foreign manufacturer and gets the entire output of the item in question.

4. *Standard products of a foreign manufacturer, modified to suit American styles and needs.* In this case, the foreign company continues to sell the unmodified version outside the United States—or even in the United States! This can be embarrassing for the American manufacturer if the only modification is a change in the name plate.

5. *Products of a foreign manufacturer for which the American manufacturer acts as distributor.* If the foreign name is known and respected in this country, the American company not only avoids changing the trademark but actively promotes it. A good example is the distribution here of English Marconi TV cameras by Ampex Corp. The LaPointe Machine Tool Company, Hudson, Mass., has worked out an unusual compromise on labeling: the five lines of British-made machine tools it is distributing will carry both names—e.g., a profiling machine made by John Lang & Sons, Ltd., will be called the "LaPointe Lang."

Some manufacturers import different parts for the same product from different countries. Graflex, Inc., a subsidiary of General Precision Equipment Corp., brings in 35mm camera bodies and shutters from Japan. The lenses come from Germany, and the complete camera is then assembled in Rochester with some American-made parts. To make this complex system work, Graflex keeps a top-notch engineer shuttling between Japan, Germany, and the United States, reports its president, G. C. Whittaker:

Manufacturers who are considering importing must weigh the disadvantages carefully against the gains. The most important stumbling-block is the reaction of labor, particularly in your own plants. Traditionally antiprotectionist, American organized labor is becoming increasingly anxious about the rising volume of imports. Unions in the South and New England have actually picketed stores selling Japanese textiles.

Although importing by manufacturers still represents less than 10 per cent of total imports, unions are already aware of the trend—and they don't like it. Companies that actually are forced to import are feeling the effects particularly. For example, a bicycle industry spokesman characterizes labor's mood as "restless" with good reason: employment in that industry has declined steadily under the impact of imports.

No headaches for Smith-Corona

In contrast, Smith-Corona Marchant was able to rip a complete production line for portables out of an American plant and ship it to the English subsidiary with little adverse labor reaction. The move came at a time when demand for the company's other products was increasing, so that all the displaced workers could be immediately reassigned elsewhere.

In manufacturing plants that are importing for offensive purposes, the workers are often pleased with the move. The imports, far from threatening present jobs, usually create new jobs among clerical, shipping, and field service forces.

As for distributors, they're perfectly happy about imported goods. Non-exclusive distributors, who get the

business, welcome any price advantage or expansion of their line as an opportunity to make more money.

If there has been any adverse customer reaction to speak of, manufacturers aren't aware of it. In many instances, of course, the customer is not aware that the product is foreign-made. Few of the importing manufacturers publicize the foreign origin of their imported products, unless it happens to be a "name" foreign make (category 5 above). If only a component is made overseas, the manufacturer doesn't have to indicate this fact on the outside of the entire product.

Fooling the customer

Some fly-by-night operators actually conceal the foreign origin of their products, but this eventually brings the Federal Trade Commission down on them. For example, some cutlery "assemblers" have been putting Japanese bone handles on English-made blades and fork tines, with the "Made in Japan" brand hidden away where it can't be seen after assembly.

But in general, even when the foreign origin is apparent to the customer, no problem has arisen. Most Americans have become used to buying imports and many will even go out of their way to find foreign-made products of certain types. One leading importer, Richard B. Stollmack of Transistor World Corp., New York, even asserts that importing by manufacturers is stimulating all imports because it puts "a stamp of approval" on foreign-made goods. Nevertheless, many importers do not welcome the direct competition they're currently getting from manufacturers.

Obviously, possible labor difficulties aren't the only pitfall to be avoided by the U.S. manufacturer who's considering going into the import business. For example, if imports aren't backed up by a solid repair service, any benefits gained will be quickly lost. Most manufacturers need no instructions on this score. In some cases they have taken unusual steps to insure good service (see photos on page 61).

Because it is harder to obtain spare parts from overseas, manufacturers also generally maintain heavier-than-usual stocks of replacement parts for imported products.

There are also plenty of physical hazards involved in importing from overseas. In general, products made for the U.S. market must be sturdier —Americans are notoriously hard on their personal possessions. For instance, the Japanese companies making transistor radios for U.S. manufacturers are astonished at what they consider unusually heavy demand for new plastic replacement cases.

Too much ozone

Environmental conditions here can also spell trouble. For instance, there's a much higher concentration of rubber-destroying ozone in U.S. metropolitan areas than in foreign cities. As a result, all products with natural rubber parts, such as autos, appliances, and industrial equipment, may be subject to unusual failures. American manufacturers have learned to solve this problem by specifying ozone-resistant rubbers.

Manufacturers who want to set up plants overseas to make goods for the U.S. market may run into special problems. Fortunately, few overseas areas are interested in "runaway" plants. Fomento, the Puerto Rican development authority, will not extend its many benefits to a manufacturer who is planning to transfer complete

It's time for management to

equipment from a U.S. plant to Puerto Rico. The Irish Government maintains the same attitude.

One of the unusual aspects of current importing by manufacturers is that some companies are actually pressing for raised tariffs and tighter quotas for the very goods they are importing. It's less of a paradox than it sounds: these are companies that are importing for defensive reasons. A spokesman for the bicycle manufacturing industry told DUN'S REVIEW that importing companies in his industry would gladly stop buying foreign-made bicycle parts if tariffs were raised sufficiently against complete foreign bicycles.

If these manufacturers and other supporters of protectionism could get the raised trade barriers they want, it might halt or at least slow down importing by manufacturers. However, at least currently, there doesn't seem to be enough steam behind the protectionist drive.

The outlook, therefore, is for a steady relative increase in importing by manufacturers. For as soon as one manufacturer in an industry starts offensive importing, his competitors must often follow suit defensively to protect their markets. Some large manufacturers who are not now importing have told DUN'S REVIEW editors confidentially that they are very seriously considering the step.

Foreign manufacturers may encourage the trend by willingly shifting their business from conventional importers to American manufacturers acting as importers. In general, manufacturers have much bigger and better distributing and servicing setups than do importers, and they're often more interested in long-term agreements.

Other attractive possibilities

The foreign manufacturer may even be inclined to favor a package deal by which he also produces for the U.S. manufacturer's overseas markets. And, of course, American manufacturers often have the necessary cash or unissued stock to purchase a big enough piece of a foreign manufacturer to promote an importing arrangement.

The total volume of U.S. imports, including those brought in by manufacturers, may be affected to some extent by stronger competition from American manufacturers. For example, imports of foreign cars are expected to decline or at least stop rising now that all five American manufacturers are producing autos of their own which are more competitive with the European small car.

Importing by U.S. manufacturers has wider implications, of course, than its effects on U.S. trade balances or employment patterns. For it is a significant aspect of a broader business development of incalculable importance—the near-crystallization of a true world market.

To reap the full potential benefits of this world market, some manufacturers will establish plants overseas; others will form joint ventures with foreign manufacturers (see "Profitable New Look in Joint Ventures," DUN'S REVIEW, September 1959); many will cross-license with overseas companies, and a growing number will import foreign-made goods. As the case of the compact cars suggests, it is possible by aggressive product development to compete with imports head on. If made-in-America products, in turn, can win a growing share of world markets, we need not fear that snowballing imports will create an economic Frankenstein's monster at home. —MELVIN MANDELL

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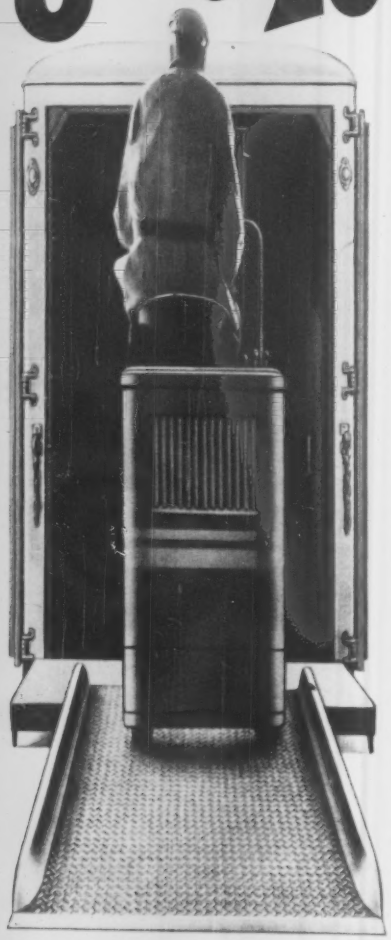

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Today's Silent Office Revolution

Quietly but surely, big changes are going on in your office

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THERE'S a revolution going on in the American business office. Not a musket has sounded, not a drum has rolled. But the office isn't what it once was, and it probably never will be again. Old jobs are disappearing; new ones are taking their place. The white-collar worker of today is a different being from his predecessor of as little as a decade ago. Everything about him is changing—the work he does, the way he does it, the rate of pay he receives.

This revolution is going on so quietly, so gradually, that its full impact is clear only when you contrast the present pattern of office work with that of an earlier period. Such a study, comparing the office of 1949 with that of today, has just been made by the Commerce and Industry Association of New York.

New jobs, new skills

"Although practically the same number of hands and feet are required to run an office now as in 1949, the need for a different type of hands and feet is beginning to show," says Ralph G. Risley, who directed the survey for the Association. "Looking into the future, it seems evident that the need for this different type will steadily increase."

Which type? In nearly every job classification studied, the trend has been in the direction of increased specialization and increased mechanization of white-collar work. To be sure, the survey covers only the New York City area. But at that, it represents a goodly share of the nation's clerical force. And employment trends in New York have, in the past, roughly paralleled those of other large cities.

Age of the secretary

On the secretarial level, the Association finds that the demand for executive secretaries, secretaries, and secretary-stenographers is greater than ever before. The number of executive secretaries has increased the most—77 per cent, perhaps reflecting the growth of the top-management group (see "The New Look in Corporate Organization," DUN'S REVIEW, November, 1959) and the mounting burden of administrative detail they must handle. Secretaries increased by 36 per cent and secretary-stenographers by 62 per cent, suggesting that the top man in the company isn't the only one feeling the weight of paperwork.

But while secretaries and secretary-stenographers were growing in number, the number of senior stenographers slipped by 36 per cent. At the same time, the number of dictating machine operators went up about 46 per cent. Undoubtedly, millions of words once aimed directly at a waiting lass are now first being funneled through a machine.

The machine has introduced other

new faces in the office picture. The greatest employment gains of all were made by office machine operators. Senior tabulating machine, senior duplicating machine, and key punch operators roughly doubled in number over the 10-year period covered by the survey. Junior tabulating machine operators multiplied by an impressive 249 per cent.

In accounting work, the trend toward mechanization and specialization shows up again. The number of accountants is roughly the same as it was a decade ago, but the accounting clerical staff has undergone a metamorphosis. For one thing, it is bigger—to handle the growing number of tax returns and other records required by law. For another thing, its composition has changed. There are fewer bookkeepers (by about 38 per cent) but more accounting clerks, statistical clerks, and statistical typists.

Where are the clerks?

As the specialized office jobs have grown in importance, other general jobs have shrunk. General office clerks declined by about 34 per cent. Often these duties are taken over by a machine operator or combined with those of a typist, switchboard operator, or some other available person in the office.

To the ranks of vanishing Americans, add the messenger and the office boy. The number of messengers has dropped by 40 per cent in the last ten years, and nearly 20 per cent of the firms participating in the survey have eliminated them completely. The old-fashioned office boy, the jack of all little tasks, has all but disappeared. Both, it seems likely, are victims of the technological revolution in the office, which has made their work—despite its low hourly rate—relatively costly and inefficient.

Even if any employers failed to note the shifting composition of their office staffs, they've certainly felt the changes in wage and salary costs. For, while here again the changes have been gradual, they've been anything but small.

Over the ten-year period covered by its study, the Commerce and Industry Association found that key office positions won pay increases averaging nearly 59 per cent. Even allowing for inflation since 1949, the real gain comes to 21 per cent. "Not so high, perhaps, as it's generally believed to be," comments survey direc-

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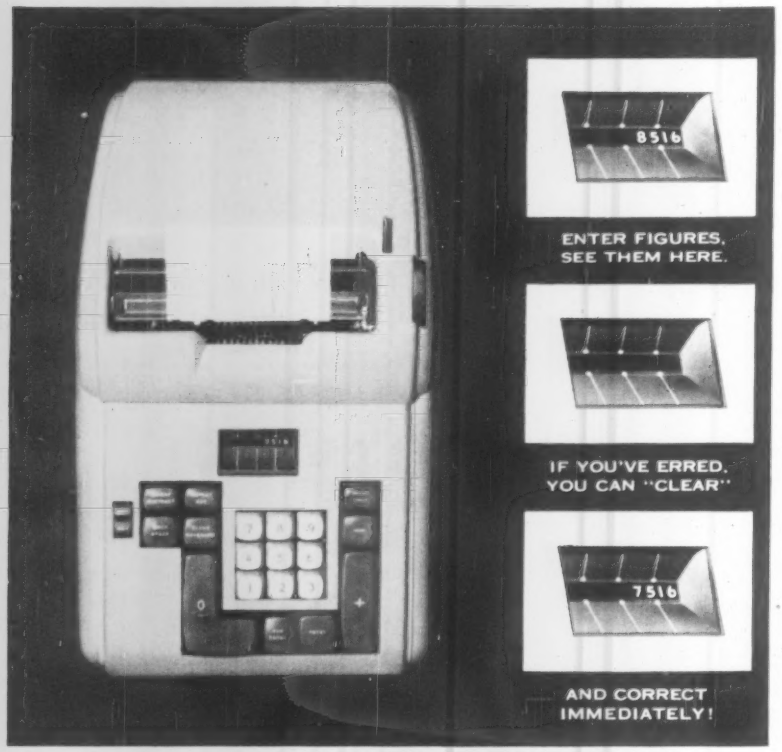

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tor Ralph Risley, "but pretty fair, at that."

Surprisingly, the salary gains won by the different classes of white-collar workers show no apparent relation to the changes in their numbers. Among secretarial workers, for example, executive secretaries increased the most numerically, but their average pay increase, only 29 per cent, was the lowest. Even though stenographers decreased in number, their pay scale rose by more than 50 per cent. And despite diminishing numbers, the average messenger increased his pay by 63 per cent, and the junior clerk by 64 per cent.

Current pay trends

For the year ended June 1, 1959, the Commerce and Industry Association found that the wages for clerical work had increased an average of about 4 per cent. Of the 61 job classifications studied, 54 showed an increase in pay, three showed no change, and only one position—order taker—showed a drop. The highest increase was a little over 10 per cent, for bookkeeping machine operators.

But now the pay-rate escalator seems to have stalled, temporarily at least. The latest figures collected by the Association, as of December 1, 1959, show little change in clerical salaries since last summer. For the six bellwether jobs, the figures are:

POSITION	Median Weekly Pay 6/1/59	12/1/59
Junior Clerk	$58	$57
Messenger	$52	$52
Secretary	$94	$96
Secretary-Stenographer	$82	$83
Senior Stenographer	$72	$72
Senior Typist	$67	$68

Will the changes in office employment continue in the same direction they have been going? The Commerce and Industry Association believes they will. "We are not only entering the space age, we are also making rapid progress in the electronic age," says Ralph Risley. "Who can doubt that companies will continue to investigate the feasibility of converting manual procedures to mechanical methods?"

As yet, there is no record of any stenographer smashing a recording machine to protect her hard-won skill. And so the revolution in the office proceeds—quietly, inexorably.

—MELVIN J. GOLDBERG

SYMBOL OF QUALITY IN AIRCRAFT MODIFICATION

FAIRCHILD F-27 CUSTOM INTERIORS BY AIRESEARCH are representative of the outstanding workmanship and materials put into your airplane at AiResearch Aviation Service, the most experienced company in the modification of pressurized aircraft.

THE GARRETT CORPORATION

AiResearch Aviation Service Division

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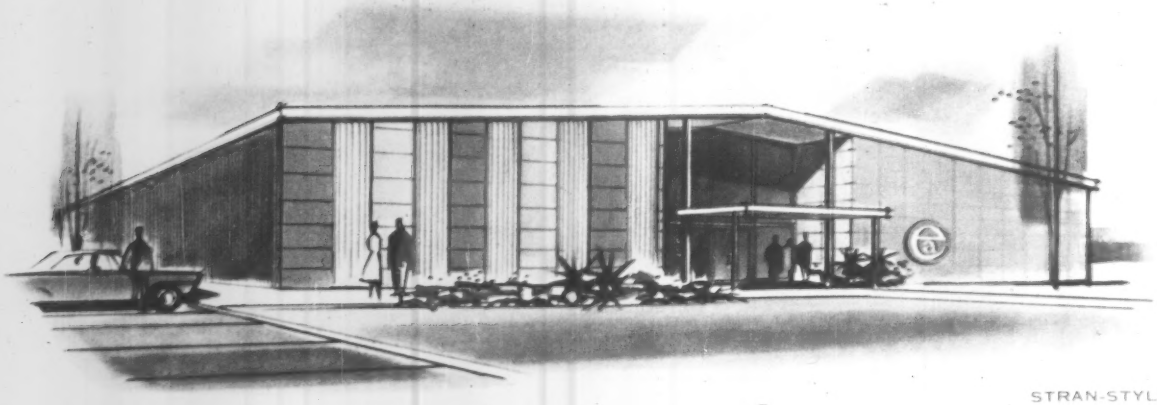
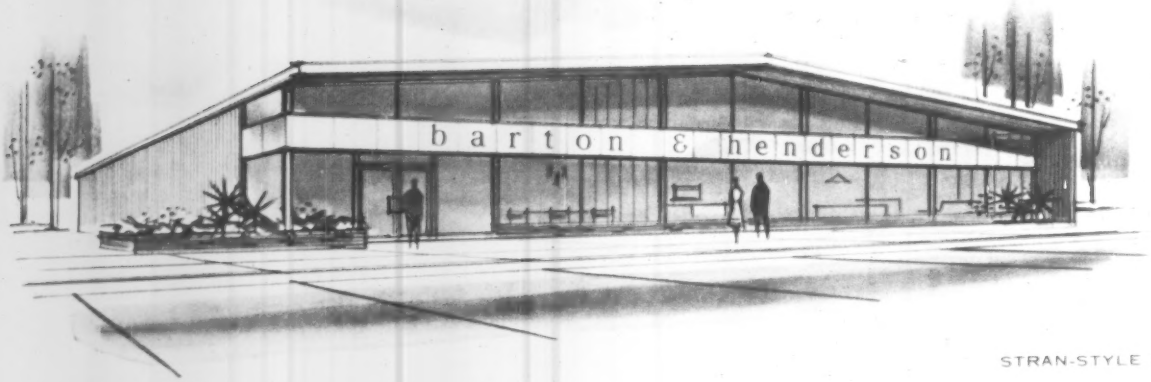
the new STRAN-STYLE



STRAN-STYLE I

four custom styles by Harley Earl



STRAN-STYLE III

an original concept in commercial

Recently retired as General Motors Vice-President in charge of Styling, Harley Earl has been a leading influence in design for nearly 40 years. Latest achievement of his firm: the new Stran-Style buildings.

Harley Earl Associates, noted industrial designers, have created four graceful, horizon-hugging buildings which enhance any commercial or industrial operation . . . colorfully, functionally blending Stran-Satin color-coated steel, glass and architectural porcelain panels around the efficient spaciousness of column-free interiors.

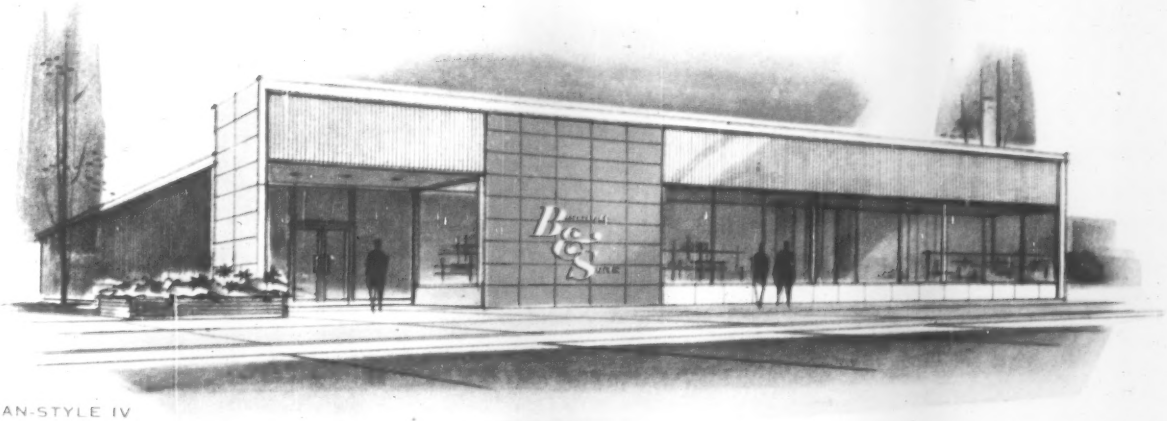
But the most exciting aspect of Stran-Style lies in its totally new concept, unprecedented in the steel building field. Each Stran-Style building is completely pre-designed, pre-engineered, factory produced—ready for erection on your lot immediately. *Only Stran-Style buildings combine the finest of contemporary design with cost-lowering mass production economy.* Select Stran-Style I, II, III or IV for your business . . . you get a modern structure of unrivaled beauty PLUS extensive savings in time of erection, in maintenance, in total cost.

After you select your Stran-Style building, colors and size, you deal with only one source for the complete project. Your Stran-Style

pre-engineered steel buildings!

STRAN-STYLE II

...built by Stran-Steel



STRAN-STYLE IV

and industrial buildings

building—manufactured and warranted by Stran-Steel Corporation, a division of National Steel Corporation—is sold, erected, even financed by local dealers who offer a five-year purchase plan requiring as little as 25% down.

An infinite variety of color combinations can be yours. Choose from nine sparkling Stran-Satin colors—multi-layer, protective coatings of vinyl-aluminum or vinyl-base color baked on zinc-coated steel—and a wide range of colors in architectural porcelain.

For more information, mail the coupon or call the Stran-Steel dealer near you. He's listed in the Yellow Pages under *Steel Buildings* or *Buildings—Steel*.

Stran Steel

Clip coupon and mail to STRAN-STEEL CORPORATION, DEPT. DR-8, DETROIT 29, MICHIGAN

Please send complete literature on Stran-Style Buildings in Stran-Satin Color. I'm interested in a building approximately ____ ft. by ____ ft. to be used for ____

Name _____ Title _____

Company _____ Phone _____

Address _____ County _____

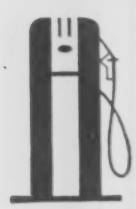
City _____ Zone _____ State _____

STRAN-STEEL IS A DIVISION OF **NATIONAL STEEL CORPORATION**

ANNOUNCING THE NEW

America's lowest priced* pickup truck!

up to 30 mpg!



Totally new for *total* savings! Ford's new Falcon Ranchero delivers up to 30 miles on a gallon, yet its new 90-hp Six is geared to do a real job! There are lower costs for oil, tires, brakes, parts . . . nearly everything!

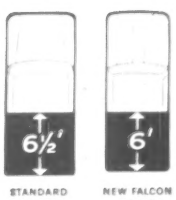
lowest priced* pickup!

The Falcon Ranchero is priced from $89 to $210 under competitive ½-ton pickups!* And that's just the start of your savings. Single-Unit construction saves on maintenance . . . it's tighter, quieter, with main underbody members zinc-coated against rust and corrosion. See your Ford dealer!

*Based on latest available manufacturers' suggested retail delivered prices with comparable standard equipment.

FORD Falcon RANCHERO

big 6-foot box!

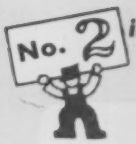


Load capacity is more than ample for most pickup hauls—nearly 7½ feet of load length with tailgate flat. And thanks to the low loading height, loading and unloading is faster, easier!

- Up to 30 miles on a single gallon of gas
- Up to 4000 miles between oil changes
- Diamond Lustre finish needs no waxing
- Low loading height
- Instant-lock tailgate opens, closes with a single, one-hand motion
- Roomy comfort for three passengers
- Styled to capture admiration

FORD TRUCKS COST LESS

LESS TO BUY... LESS TO RUN... BUILT TO LAST LONGER, TOO!



in a series of washroom survey comments from "SBS soap counselors"

Management was amazed how much they could save with a modern cream soap!

John F. Murphy

is a veteran SBS soap counselor in a major industrial market, has helped many managements pinpoint the most economical solution to skin cleansing problems. This is a typical example.

"Our washroom surveys found maintenance dollars (and employee morale) literally disappearing down the drains at a midwest stamping plant employing 2300 workers. Many employees complained that the powdered soap in general use irritated their skin. Few dispensers were operating efficiently. The result was a lavish waste of soap, slippery floors, unsightly washrooms . . . maintenance couldn't keep up! OPERATION PINPOINT demonstrated not only how this plant could cut its soap costs but how it could drastically reduce maintenance costs by using SBS-60, a *cream* deodorant soap specially formulated for industrial use. This modern cleansing agent removes *all* the general soils in the stamping plant . . . is equally safe on hands, face or body . . . and virtually eliminates soap waste!"

Money-saving suggestions like this *begin* with OPERATION PINPOINT — a thought-provoking presentation filled with facts about skin hygiene and washroom maintenance. The SBS soap counselor serving your area can pinpoint the right soap to do every skin cleansing job best and at lowest cost in your plant. Let him show you OPERATION PINPOINT . . . just call your nearest SBS office, collect.

the washword of industry

sugar beet products co.

SAGINAW, MICH. • Los Angeles, Calif. • Newark, N.J.
CANADA: Chemical By-Products, Ltd., Toronto, Ontario

EXECUTIVE BOOKSHELF

Brief Reviews of New Business Books

Introduction to Tomorrow

CYBERNETICS AND MANAGEMENT *by Stafford Beer. John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16. 214 pages, $4.50.*

A lucid, non-technical introduction to the nature and potential of the new "science of control," of whose fruits today's giant computers are only a foretaste.

Laying the Groundwork

HIGHER EDUCATION FOR BUSINESS *by Robert Aaron Gordon and James Edwin Howell. The Ford Foundation, 477 Madison Avenue, New York 22. 491 pages, $3.50.*

Results of a major Ford Foundation study which examines in detail the weaknesses (fuzzy focus, low academic standards) of current business education, comes up with some broad recommendations to meet future needs.

It's a Company Affair

HOW TO PLAN, PRODUCE AND PUBLICIZE SPECIAL EVENTS *by Hal Golden and Kitty Hanson. Oceana Publications, 80 Fourth Ave., New York. 265 pages, $6.*

Secrets of successful plant visits, company outings, conventions, trade shows, and sales meetings are detailed by experts in the first how-to book on profitable special events for company and community.

Guide to Pay Problems

WAGES AND SALARIES: A HANDBOOK FOR LINE MANAGERS *by Robert E. Sibson. American Management Association, 1515 Broadway, New York 36. 223 pages, $5.25.*

Though the professional wage-and-salary man will find little new here, this brief, no-nonsense treatment gives the line executive the facts he needs to improve his handling of day-by-day problems in this area.

Profits from Abroad

MANAGEMENT OF INTERNATIONAL OPERATIONS *by John Fayerweather. McGraw-Hill Book Company, Inc., 330 West 42nd St., New York 36. 604 pages, $9.50.*

Valuable case material and discussion of the special problems of making a profit abroad. Considers various types of enterprise operating in many overseas areas, with special emphasis on marketing.

No other dictating machine backs up its performance with such dependable service

Dictaphone builds more extra-dependability into the Time-Master® dictating machine than you can find in any other. More bearings. Sturdier motors. Better relays and a fully transistorized circuit.

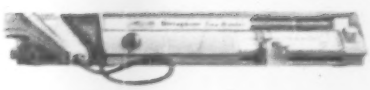
Despite all of these precautions, a Dictaphone Time-Master will sometime need service during its long years of use. Every machine does, of course.

When it does, it's comforting to know that there are nearly 900 company-trained technicians working out of the more than 200 Dictaphone offices in this country, and more throughout the free world.

The purchase of Dictaphone Time-Masters is your assurance that no machine will be out of service for any appreciable length of time. And after all, the real reason why you buy a dictating machine is to save time and money . . . for really efficient office communication.

That's why the Time-Master records on the exclusive, red Dictabelt. It records *visibly*. You see your place, play back any part of your dictation in seconds. Your work can't be erased accidentally. And inexpensive, single-use Dictabelt always provides unmistakable clarity.

Call your nearest Dictaphone office for a free demonstration. Find out for yourself how much time you and your secretary can save. No obligation, of course.



THE SHORTEST DISTANCE BETWEEN IDEA AND ACTION . . . **Dictaphone** CORPORATION

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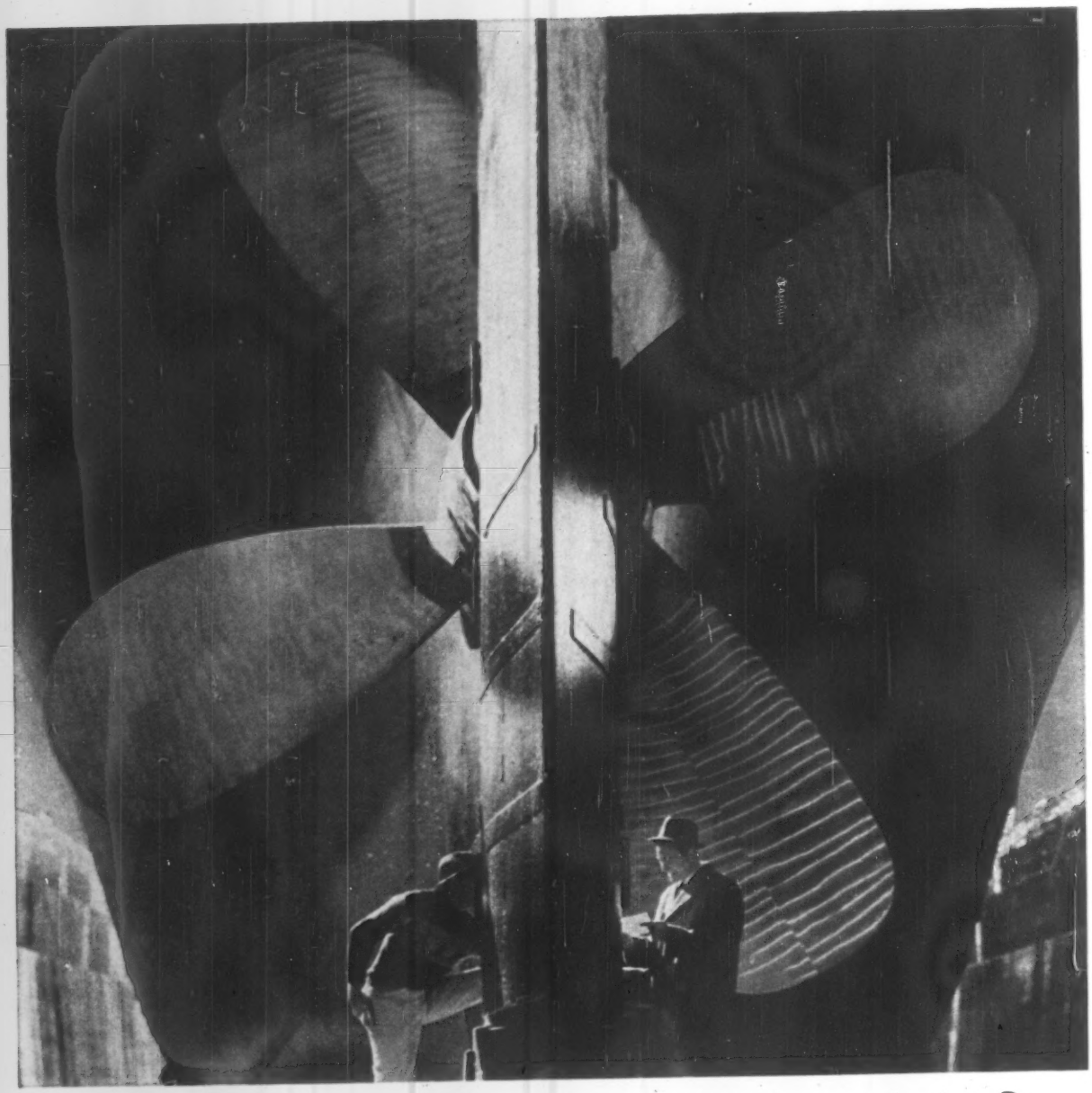


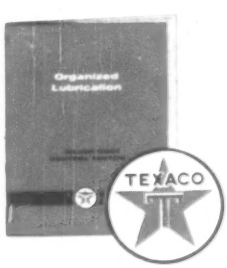
Profit squeeze caught you high and dry?

LET TEXACO GO TO WORK ON YOUR COSTS

Texaco Marine Engineers, helping shipping men get top performance from their ships, are all Licensed Chief Engineers—typical of the Texaco lubrication specialists in every field of industry.

These men can put Organized Lubrication to work for *your* business, whatever it is . . . thereby helping you reduce costs, improve production and increase profits. And, with Texaco, you get the added advantages of one brand name, one sales agreement for all your plants, and the same high standards of service from coast to coast.

Our new book: "Organized Lubrication—Major Cost Control Factor" tells what Organized Lubrication is, how it works, what results you can expect. Write today. Texaco Inc., 135 E. 42nd St., N. Y. 17, N. Y. Dept. D-152



LUBRICATION IS A MAJOR FACTOR IN COST CONTROL

Tune In: Texaco Huntley-Brinkley Report, Mon. Through Fri.-NBC-TV

Consumer Goods Leasing—

A Promising New Market

TAKING a cue from their colleagues in the industrial and commercial-products fields, many producers of consumer goods are focusing an interested eye on the lease-rent system these days.

In some cases, manufacturers are experimenting with their own factory leasing programs. In other instances, they are looking into the lease-rent programs of some public utilities companies.

Right now the consumer-goods rental embryo is in an early stage of development. But its immediate potential as a builder of extra factory sales is not being overlooked. And many a marketing executive is speculating on its long-range implications.

Westinghouse Electric Corp. was the first major company to announce publicly a factory rental program for consumer goods. Its plan is aimed at owners of apartment houses and other multiple dwellings. A similar program was recently launched by Whirlpool Corp. for its line of RCA-Whirlpool appliances.

General Electric Company has an experimental plan, the details of which it isn't willing to divulge at present. Radio Corporation of America leases

Consumer Products: When Are They Leasable?

Is your product suitable for leasing or renting?
The answer may be "yes" if it meets the following conditions:

Leasing

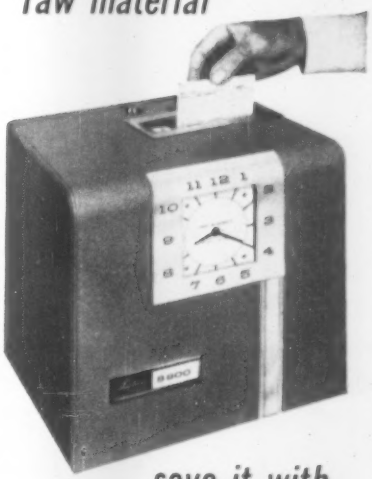
- It's a durable product with a fairly high price tag
- It has a useful life expectancy or obsolescence factor of no more than five years
- It's likely to require periodic maintenance or servicing coverable in a lease agreement
- It's likely to be needed by:
  - —People with limited funds and an aversion to time-payment purchasing
  - —Transients who establish temporary households
  - —Multiple-dwelling operators who stand to gain a capital and tax saving
  - —People who would like to test a type of product before investing in it

Renting

- It tends to present a storage problem for many people
- It's rugged enough to withstand constant, heavy use
- It's not always readily obtainable when needed
- It answers a seasonal need that a significant number of users find too limited to justify an investment
- It answers a spot need that doesn't often recur for a significant number of users

time

your most valuable raw material



save it with the fully automatic . . .

Lathem 8800 time recorder

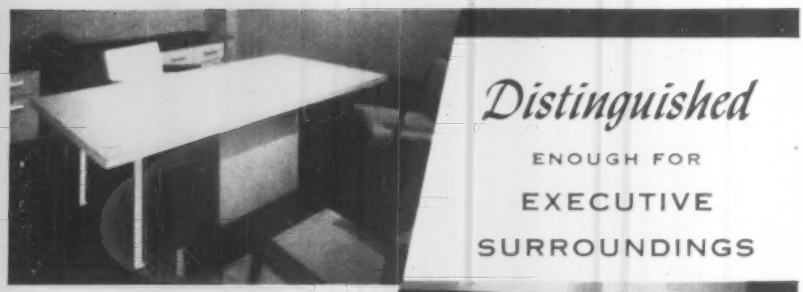
On the job in your organization, the Lathem 8800 Time Recorder ca . minimize the tardiness that can cost you hundreds of dollars annually . . . eliminate disputes since every man is his own timekeeper . . . and provide accurate records.

Accurately, time is registered the instant the time card is inserted . . . in two colors and correctly positioned, with IN and OUT separated in two columns. Impossible to overprint. Yet this completely automatic 8800 Time Recorder is priced within the range of typewriters.
Send today for full details.

LATHEM

LATHEM TIME RECORDER CO.
98 Third Street, N.W., Atlanta, Ga.
GENTLEMEN:
Without obligation, please send me full information, including prices, about the completely automatic 8800 Time Recorder.

NAME_____
COMPANY_____
STREET_____
CITY_____ ZONE___ STATE____



Distinguished

ENOUGH FOR

EXECUTIVE

SURROUNDINGS

Economical

ENOUGH FOR

DEPARTMENTAL

AND SECRETARIAL

OFFICES

H-O-N "MILLION LINE" DESKS AND CREDENZAS have colorful, textured vinyl clad drawer fronts and panels. These units possess modular versatility for varied purposes and arrangements. H-O-N desks add dignity to the executive office, yet at the same time the moderate prices make them economically desirable for departmental and secretarial office uses. See your regular office equipment dealer today, or write to: **The H-O-N Co., Muscatine, Iowa.**

H-O-N OFFICE EQUIPMENT

THE H-O-N CO., MUSCATINE, IOWA

This man is "Ready-to-Buy"

Coming soon...a new way to reach your most valuable market... the people who are "Ready-to-Buy!"

television sets to motels and hotels and is "thinking" about a broader lease program. And Philco Corp. is reported to be experimenting with leasing, but company spokesmen label the topic "confidential."

The Westinghouse program started as a five-city experiment last spring. Multiple-dwelling operators in New York, Washington, Chicago, San Francisco, and Los Angeles were offered the opportunity to lease entire "packages" of appliances—refrigerators, ranges, room air conditioners, dishwashers, freezers, washers, and dryers—for two to five years. The minimum contract figure was set at $5,000, with charges graduated according to the number and type of appliances and the length of the contract.

Servicing comes free

Under the plan, full servicing is included, and upon contract renewal all appliances are replaced with the latest models. The superseded units are to be reconditioned and sold through used-appliance dealers. As in most industrial-equipment leasing arrangements, provision is made for ultimate purchase of the appliances if the lessee desires.

Westinghouse is so satisfied with its initial results that contracts are now being accepted outside the five test cities, and the company expects to put the program on a permanent national footing. Westinghouse spokesmen note that it assures the company of a set quantity of replacement business. For the apartment-house landlord, they point out, it has many attractive features: a full range of appliances without capital outlay, tax writeoff of all payments as operating costs, and the prospect of enhanced rental value through the offer of always up-to-date appliances.

Some appliance manufacturers have been finding an extra sales outlet among utilities companies that operate their own rental programs to promote business. A case in point is the Norge division of Borg-Warner Corp., which has been selling gas dryers to several utilities for leasing purposes. Though Norge says its experience to date is much too limited for final evaluation, the company nevertheless felt impelled to advise all its distributors to promote such business actively.

A recent circular to Norge's distributors noted that the field shows signs of growing and observed:

"Many consumers today feel that they would rather rent a home appliance and pay just so much a month, and have this rental charge as a part of their monthly budget, than go out and purchase the same appliance on a retail contract.

"Limited funds, lack of down payment, and a dislike for signing any legal contract for financing contribute to this attitude."

Attached to this Norge circular was a sample promotion piece put out by the Wisconsin Southern Gas Company, offering a Norge automatic gas dryer for rental at "less than 10 cents per day, no money down, immediate installation." The Wisconsin Southern Gas plan includes maintenance of the dryer at no cost to the consumer and provides for ultimate purchase if desired.

Similar plans have been put into effect by several liquefied petroleum gas companies, which rent automatic water heaters to their customers. One such firm is the United Petroleum Gas Company of Minneapolis, whose program is operated in six states by its Consumers Gas Company division.

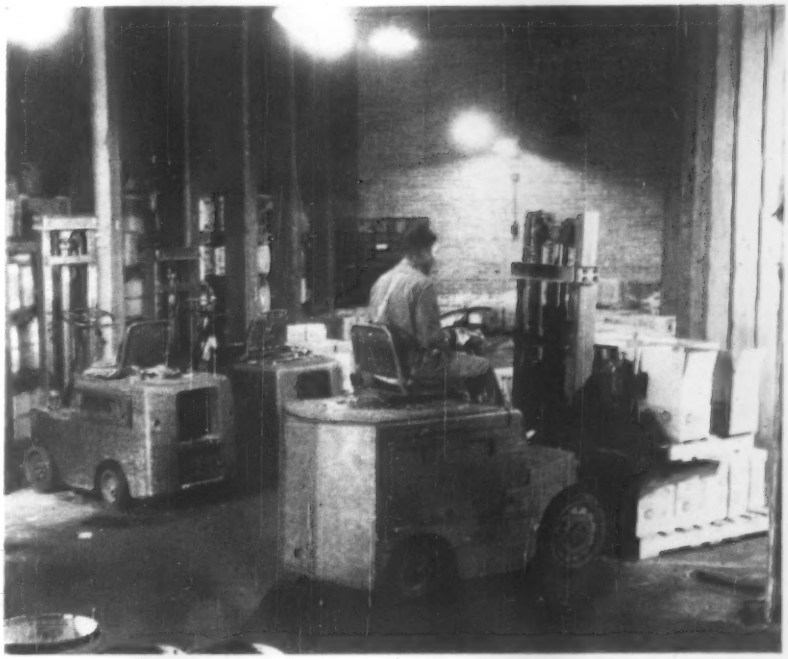
Consumers Gas currently leases some 400 water heaters, almost all of which are in domestic service. Domestic customers pay a $6 initial lease fee, any installation costs in excess of $30, and a $1.95 monthly rental fee. Of course, they buy their fuel from Consumers Gas. Since the company keeps up-to-date equipment in the homes of its subscribers, it provides a valuable extra market for gas water heater producers.

Short-term rentals

Such long-term leasing arrangements have by far the greatest potential economic significance, but new markets may also develop from short-term rental programs. For years hardware stores and other retailers have been offering limited rental services of one kind or another. But it took a company named United Rent-Alls to offer for rent under one roof almost any item imaginable.

Formed twelve years ago in Lincoln, Neb., United Rent-Alls franchises independent rental dealers around the country and serves as their source of supply. Its franchise stores offer everything from house-moving jacks to baby cribs and rollaway beds, from silverware and dishes to lawn rollers and household tools. Some of the stores also handle appliances. Ac-

Idle trucks cost money to own too...



RENTING

gets rid of idle equipment!

An idle fork lift truck is idle capital. All the while it's not working you're losing a return on your investment. When you rent, through the Clark Rental System, you rent only the minimum number of trucks needed for average requirements. For peak-load needs or emergencies, additional trucks are immediately furnished from a large pool of stand-by equipment. Renting gets rid of idle equipment, plus unnecessary depreciation, insurance and maintenance costs.

When you rent you save in many ways by eliminating or controlling—

DOWNTIME!
MAINTENANCE PROBLEMS!
HIDDEN COSTS!
CAPITAL INVESTMENT!
IDLE EQUIPMENT!

A special cost comparison chart, comparing ownership to rental, is available for computation in the privacy of your own office. A letter, a wire or phone call will bring you both the cost comparison chart and a detailed brochure on the Clark Rental System. No obligation of course.

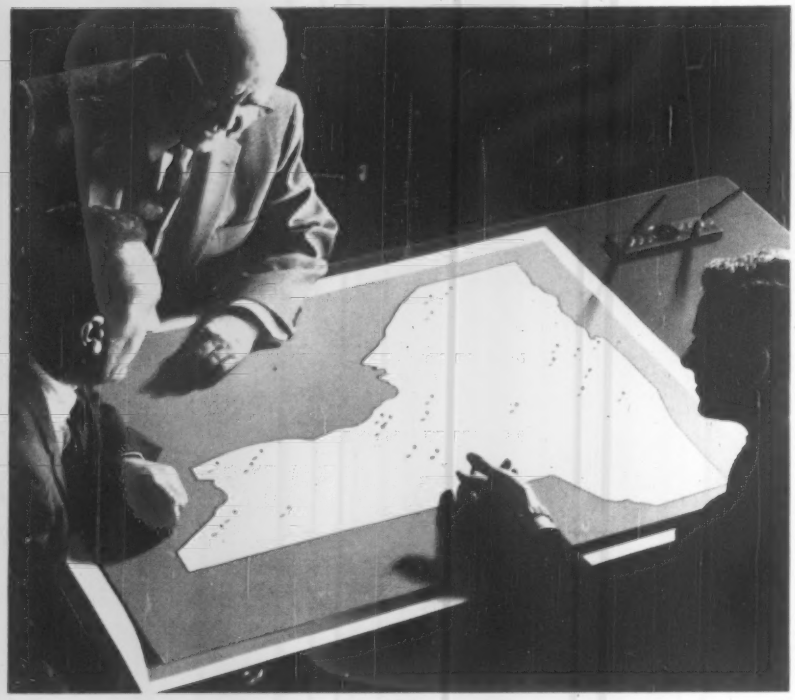
CLARK RENTAL SYSTEM

Tailored rental programs for long or short term

CLARK RENTAL CORPORATION
Dealers in all principal cities

485 Lexington Avenue,
New York 17, N.Y. • JU 2-3910

your profit potential is great... UPSTATE



Plenty of plant sites with husky profit potential are waiting for you in **UPSTATE, N.Y.**

Here, in the 22,000 square miles served by Niagara Mohawk, nearly every type of industry can find the plant site admirably suited to its needs...the site from which to serve the richest market in the world...the great Northeast.

We can help in your search for a profitable site with fast, expert, confidential assistance. You can benefit from our comprehensive inventory of buildings and sites and the intimate, detailed knowledge of our district managers about the communities we serve. We'll gladly assist in specific research you need in *your* search for the ideal location.

Before you choose a plant site, learn all the advantages waiting for you in Upstate, N. Y.: a wealth of natural resources . . . plenty of low-cost electric power . . . abundant water . . . a solid labor force . . . a most attractive political and economic climate . . . healthy, diversified industrial neighbors prospering here. Transportation is particularly attractive; the growing network of superhighways, the St. Lawrence Seaway, the Barge Canal and excellent rail and air service combine to provide fast, dependable access to the rich northeastern market and Canada and to the seaports of the world.

For complete information on the services we offer...and for concrete help in your search...write, wire or phone Director of Area Development, Niagara Mohawk Power Corporation, Dept. D-4, 300 Erie Blvd. West, Syracuse 2, N. Y.

NIAGARA MOHAWK

BUSINESS MANAGED • TAXPAYING

cording to D. R. Patton, United Rent-Alls president and founder, the company is an excellent customer for a number of manufacturers.

Today there are well over 400 franchised United Rent-Alls dealers. More than 250 of these have been added since last April, and the list is growing rapidly. The 160 dealers who finished out fiscal year 1959 did between $9 million and $10 million in volume. By projection, this suggests something like a $25 million volume for the enlarged organization by the end of fiscal 1960.

These dealers cater to people who have a sudden, one-time need for an item, or whose yearly need for an item is too limited to justify purchasing it.

In the future: rent or buy?

Are leasing plans just another new outlet for consumer goods, or do they presage a revolution in marketing concepts? It all depends on your point of view.

To Robert C. Trundle, president of Trundle Consultants, Inc., Cleveland management engineers, leasing may be the wave of the future.

"With advances in automation," he explains, "there's going to have to be a much better-defined economy, a more predictable market, if we are to make proper use of our improved productivity. A rental economy offers a means of tying the cost of a product to its useful life."

Mr. Trundle cites the example of a $175 television set with a five-year useful life expectancy, which costs a time-payment purchaser about $15 a month. On a rental basis, he would have to pay only $35 a year. Thus a consumer could enjoy five or six items on a rental basis for the cost of one such item on time payment.

Not all manufacturing executives see it the same way. One appliance manufacturer—in fact, one of the same companies that now leases to multiple-unit landlords—feels that "with the exception of certain specialized situations, appliances will not be generally leased. Home appliances are designed and built to be sold rather than rented."

Only events will show who is right. But judging by the number of major companies that are finding it expedient to explore the field, top management is by no means inclined to take the leasing idea lightly.

—ART ZUCKERMAN

The revolution in dictation starts with Stenorette

Fully Transistorized Stenorette-T with either dictating or transcribing accessories—only $199.50 plus FET

Now—an electronic eraser under your thumb

Full microphone control on this Stenorette makes your dictation faster, error-free!

End costly, time-consuming dictation!

Just *one* button on your Stenorette microphone lets you dictate, backspace, review. And, if you say it wrong, erase as you say it again *right!* No embarrassing mistakes. No frantic fingering.

Magnetic tape does it. Stenorette—fully transistorized for instant operation—is the only machine to use clear, easily-corrected, re-usable tape *properly*. Your dictation is error-free—the easiest, fastest you've ever known.

Your secretary transcribes faster too. Because she doesn't have to pre-listen for errors, she types it right the first time. Automatic Voice Control gives her uniform playback at all times. No wonder she's happy to say goodbye to outdated discs, cylinders and belts!

No other machine compares in cost, quality or features. Just imagine what your company can save with Stenorette tape alone! And a Stenorette system—coordinated for dictating *and* transcribing with desk-models in your office, portables in the field—costs about half that of other systems.

Ask for a revealing 15-minute demonstration in your own office . . . to learn all the amazing facts about *the revolution in dictation that starts with a Stenorette.*

Stenorette® COMPANION. Fully transistorized, portable, powered by lifelong rechargeable battery. 45 min. reel. Compatible with desk-model Stenorette. Only $199.50 plus FET

DeJUR GRUNDIG **Stenorette®**

—more DeJur-Grundig Stenorettes are sold in the United States than all other magnetic dictating machines combined.

DeJUR-AMSCO Corporation, Business Equipment Div. Northern Blvd. at 45th St., Long Island City 1, N. Y.

Send booklet describing the revolution in dictation ☐

Have your representative call for a demonstration ☐

6 Name _____ Title _____

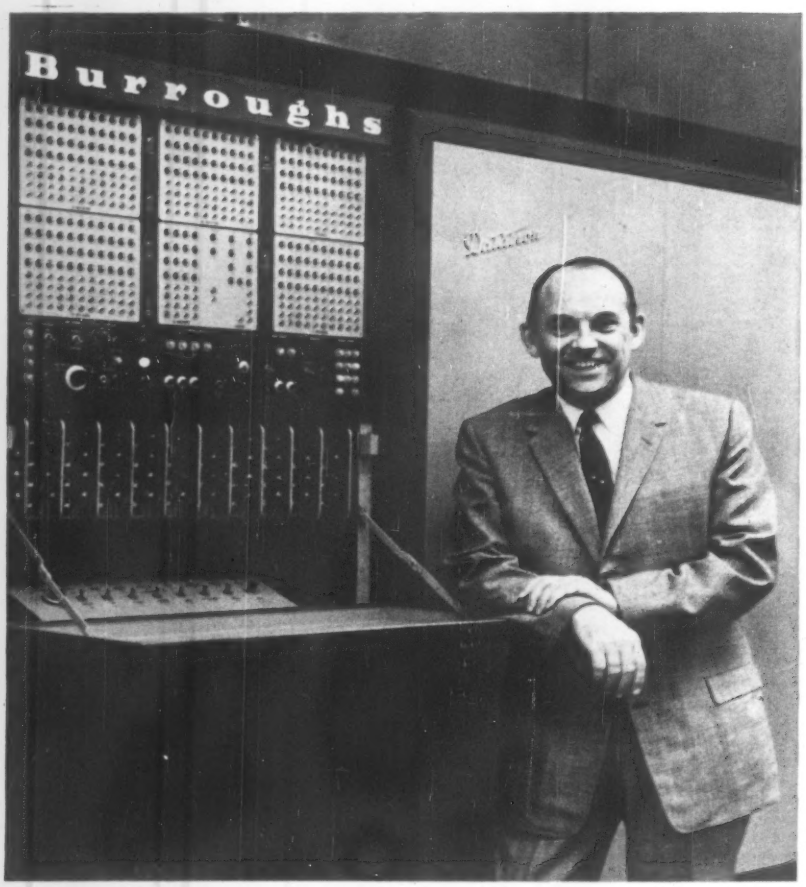
0 Company _____

1 Address _____

2 City _____ Zone _____ State _____

A statement from Behr-Manning Co.: "*Our Burroughs computer processes our customer order data in 1/50 the time*"

Behr-Manning's Philip Doherty (left) meets with members of his group at the Datafile.

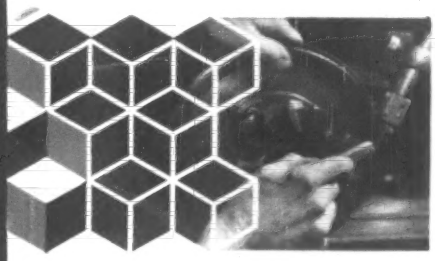


Edwin C. Evans, Vice President and General Manager of Behr-Manning Co.

"Our Burroughs computer processes our customer order data in 1/50 the time... and provides our management with up-to-the-minute statistical reports for the control and planning of our business."

EDWIN C. EVANS

Vice President and General Manager
Behr-Manning Co.



Nearly 40,000 different products are manufactured by Behr-Manning Co., of Troy, New York, a division of Norton Company. These products have use in almost every manufacturing process... from the making of cars to the shelling of peanuts. The products are of three main types: coated abrasives, pressure sensitive tapes and floor maintenance products. Behr-Manning, with its parent company, the Norton Company, is the largest abrasives enterprise in the world, and Behr-Manning's cellophane and other pressure sensitive tapes, sold under the "Bear" Brand are quality leaders in their field.

Behr-Manning's vast selection of products are stocked and shipped from the factory warehouse and from 16 branch warehouses across the country. Their products are purchased by countless different types of customers through every major channel of distribution.

The company, which began as a sandpaper business in 1872, now has 3,000 employees. As Behr-Manning's line of products and list of customers grew, their record keeping and accounting procedures also became extremely complex. In November, 1958, they installed a Burroughs 205 electronic data processing system to solve their paperwork problems.

Behr-Manning's decision to purchase a Burroughs 205 was preceded by considerable investigation. Vice President and General Manager, Edwin C. Evans, states, "We first organized a 6-man study team. The group's job was to determine whether or not a data processing program would help us, and if so, to recommend which data processing system would help us most. When we decided to enter electronic data processing, the group prepared a detailed description of our particular requirements. We settled on Burroughs equipment because the 205 best satisfied our specific needs. Furthermore, the high capacity, low-cost random access Datafiles were especially suited to our application."

The computer soon took over a number of complex clerical functions... in actuality, 19 different computational assignments, from factory payroll to budget reporting. The computer's capacity enabled it to do all of this work in only 10 hours per week.

Despite the magnitude of these jobs, this was not the chief reason for acquiring the 205. Behr-Manning's most important need is a process called "order entry," which literally automates the entire sales-inventory-billing-report cycle.

The source of all Behr-Manning operations is the customer order, which is also a source of a mass of paper work. It must be edited, analyzed and reproduced prior to completion of processing.

"All order entry, from every branch, can be done by our 205," states Philip Doherty, Behr-Manning's Manager of Operations Analysis and Planning. "We process thousands of orders a day. An original order is picked up just once at a receiving location and all the work is done automatically in the system. An order coming in from a branch office is transmitted in minutes to headquarters by private wire, quantity and item data are automatically fed to the computer, and return wire messages make stock status and shipping information instantly available to the branch office."

In addition to processing the order, the 205's magnetic tape Datafiles, each having a capacity of 20,000,000 digits of information, hold many thousands of different customer and product records. When an order is entered in the 205, the computer locates the appropriate customer and product records, then issues either a production order or shipping instruction. It also automatically prices the order and issues the invoice. Upon completion of a customer order, the computer automatically issues factory orders to replenish the stock level of the factory or branch warehouse.

The statistics accumulated by the 205 are then prepared in numerous different reports which are distributed either daily, weekly, monthly or quarterly in a digested form for Behr-Manning management. The reports include information on sales, finance and production. Previous to the 205 these statistical analyses required as long as three weeks to prepare. Now, even the most involved report can be issued in 48 hours, and if information is needed more quickly, it can be obtained by inquiring through the computer console. In such cases, specific replies are typed automatically by the printer.

"These up-to-the-minute reports," says Behr-Manning's President, Elmer C. Schacht, "are invaluable to us in the planning and control of our business. The information obtained from one waste report alone should save us thousands of dollars a year. In addition to improving the speed and accuracy of our own operation, installation of the 205 benefits our customers with the fastest possible service."

Behr-Manning originally leased their 205 computer, but after about nine months of use, they decided to purchase it. Vice President Edwin C. Evans points out, "By June, 1959, it was obvious that our 205 would accommodate all of our 'order entry' procedures plus many of our other data processing needs. So at that time we purchased the 205 outright. The equipment had proved itself and it made economical good sense to own it rather than rent it."

Like the people of Behr-Manning, hundreds of other industrial and business users are confirming the same experience. Burroughs complete line of electronic data processing equipment is backed by a coast-to-coast team of computer specialists, all eager to tell you how Burroughs can help in your business. For additional information, write General Manager, Data Processing Systems Group, Detroit, Michigan.

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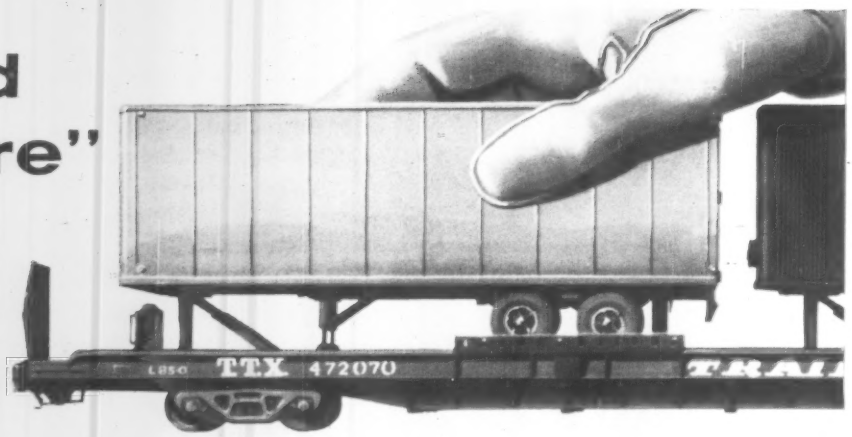

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Managing Your Manpower

LAWRENCE STESSIN

Here's a new tool for those who like to test a man's executive ability by giving him a job to do.

Dumping an "in" basket full of simulated problems on the trainee's desk helps separate the men from the boys.

IT'S a nice, cosy Sunday morning—a day for rest and relaxation after a hectic week at the office. Then the phone rings. It's Masterson, Mr. Big himself, with bad news. Ed Prior, one of the department heads, has just died of a heart attack. He had a key post, and someone has to take over quickly. That someone is you.

"Get on top of that job as soon as possible," the boss says. "I know it won't be easy. Ed wasn't one to delegate much. Carried most of the load himself."

The next morning you come in early, walk into Ed's office, take one look at the "in" basket filled to the brim, and you know what Masterson meant. You rapidly flip through the notes, memos, reports, statistics, records—all of them problems, problems, problems. You sit down, a little uneasy, and begin to dig through the mass of work.

Simulation with a purpose

The job is no less difficult because, in reality, it's a bit of manufactured make-believe—the newest wrinkle in executive selection and development programs.

This little industrial drama is being played in conference rooms at such companies as American Telephone & Telegraph, the Port of New York Authority, Bell Telephone of Pennsylvania, and others. It's called the "in-basket" technique, a game which tests the managerial mettle of newcomers to the corporate family as well as regulars in pursuit of more insight into administrative methods.

The in-basket technique has several advantages over standard management training tools. In the case history approach, the simulated situations are wrapped in wads of extraneous detail. What's more, case histories are difficult to gather, and only men highly dedicated to management development devote time and staff to working up meaningful material. Furthermore, the case history is a "talky" kind of procedure where the trainees merely discuss what should be done.

The in-basket approach, on the other hand, is all action. The participant wastes no time in verbal byplay. He is given the opportunity to do things—to make decisions on problems that are real and meaty. The individual is given a role, and he is required to play it to the hilt. He is called upon to plan, to organize, to coordinate, and to direct. He must know—or quickly learn—procedures and people, and his reactions provide solid clues to his weaknesses and strengths.

In essence, the in-basket technique consists of a simulated day in the life of a specific executive. What comes across his desk is the grist for its mill. At AT&T, the job of a plant superintendent of a telephone company is simulated, and the trainees are asked to project themselves into his position.

Each of the men selected for the course is given a kit and a private office. They stay in this office for three hours, tackling problems which are posed exactly as they would occur in a real on-the-job situation. The men are given memo paper, pencils, and scratch pads. In addition, the packet contains an organization chart, a map of the area under the plant superintendent's supervision, a copy of the company's management guide, and a copy of the union agreement. These are the administrative instruments.

Then come the questions that need answers. There are so many of them that three hours of allotted time is hardly sufficient for plowing through the entire batch. This, then, becomes the first test of a trainee's managerial aptitude. Which problems does he handle first? Which need quick solutions? Which can be delayed until another time? Which can be quickly delegated to others? Which can be handled in writing, which by a quick phone call?

The Port of New York Authority is planning to make this facet of the in-basket technique even more difficult by intruding on the trainees' allotted time. When the company launches its next in-basket sessions, the men will be interrupted by phone calls and their attention diverted by visitors who come in either to waste time or to discuss other headaches.

Near the top of the heap of problems is a knotty one involving boss-secretary relationships. It takes the form of this memo from the trainee's secretary:

"Since you're just arriving on this job, I think you should know that Mr. Prior promised me that I could take my vacation this week. My niece and I are planning a trip to Miami."

How would a good executive handle this one? If he approves, he must scrounge around for a replacement. If he denies time off at this juncture, he might be bucking office bureaucracy, because vacations are scheduled and planned well in advance. The answer the man gives in writing doesn't reveal his feelings about this situation. These are discussed in separate group conferences.

When this particular dilemma came

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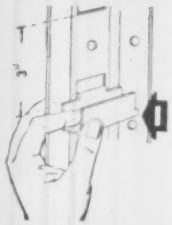

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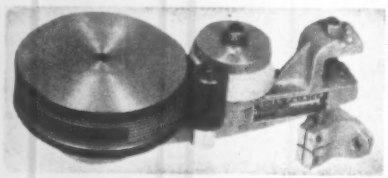

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up for an airing at an in-basket session at Bell Telephone of Pennsylvania recently, there were some mighty mixed attitudes toward the vacation-bound secretary. Some trainees objected to the tone of the communication and made a mental note to take "Miss Full Charge" down a peg or two in the future. Others had a kindlier outlook. They thought that the note was proper and that it would be unfair to interfere with prearranged vacation plans just because a new boss had arrived on the scene.

An observer tying together action and feeling could get a fairly clear impression of a trainee's personality. From this single example, it's possible to detect the over-sensitive executive who needs to maintain an "I am the boss, you are a worker" relationship with his subordinates. Equally evident is the more mature type who respects employees who speak up for what they feel is coming to them.

Solving the human equation

Commonplace problems are not overlooked in the in-basket approach. Every department head has to cope with tardiness and absenteeism. In the AT&T packet, there are two cases of what appears to be chronic absenteeism. The trainee is given the records of two employees along with the comments of supervisory personnel who have attempted to deal with the situation. Here, the participant must decide whether it is best to work through the chain of command and approach the supervisors—or whether it is the better part of managerial valor to violate the organization chart and call in the individuals for a personal chat. He must also decide: Should the supervisors be present or not? Is discipline a way to handle the absentee? Are there other methods to motivate some improvement? No easy solutions here.

An executive's capacity for compassion does not appear on many appraisal charts, but the in-basket approach doesn't overlook the presence or absence of this trait in a man at or near the top. Consider this note which appeared in "Mr. Prior's" pile of things to be attended to. It came from a supervisor:

"Mr. McMann notified me of his wish to attend the funeral of an acquaintance and said he hoped he wouldn't lose any pay. When I told him that the company pays only in the event of the death of a close rela-

tive. McMann said that he had no living relatives and this was a very dear friend of long standing. 'The only friend I've got' was the way he put it."

To grant the worker's request would mean flying in the face of company rules. Then, again, it might set a precedent and cause management to be plagued by others seeking similar privileges later on. To answer these questions properly, the man must exhibit a "feel" or knowledge of the company's climate. Some organizations are run by the book—and woe to the executive who veers from formal policy. Others use charts and policies as broad-gage guides, leaving it up to the manager to exercise what he's been hired for—judgment.

When used as a selection device—and AT&T has done so in some instances—problems such as this one help the company to get a quick insight into the degree of organizational rigidity in the applicant.

To date, the in-basket technique hasn't been thoroughly tested as a hiring tool for managerial personnel, but its proponents feel that in time it may replace the psychological test as a measuring rod of management potential.

The trouble with psychological tests is that they call for evaluation by experts, and the company must take the word of an outsider on a man's worth and potential for development. The in-basket results, on the other hand, can be graded by the very people who will do the hiring, because the answers given by the applicants deal with problems within the ken and experience of management. In three hours, a job applicant can be put through a whole range of on-the-job experiences.

Testing managerial maturity

In effect, the in-basket method is a condensed probation period during which the newcomer is called upon to tackle situations he would only encounter after a year of actual work.

The in-basket problems are not all concerned with human relations. They call for the ability to analyze a raft of detail and come up with the real meaning behind the minutiae. Management developers at Bell Telephone of Pennsylvania have inserted a real sticker in their in-basket compilation. It is a two-page sheet which contains a summary of telephone charges for persons in the department. It is

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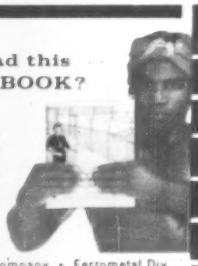

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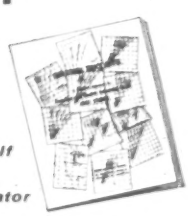

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company policy to permit free or discounted telephone calls by employees with seniority. The toll calls are listed by date, place called, charges, and the name of the employee who took advantage of this fringe benefit. Only an analytical mind would detect the case of one Joe Taylor. It seems that Taylor's calls have all been going to cities where there are race tracks. Apparently, he has been talking more to horses than to family or friends.

Now, does the trainee overlook (with a smile or tolerant shake of the head) Taylor's obvious addiction for the ponies? Does he decide Taylor is abusing his privileges by playing his hobby horse on company time? And if a trainee can spot all the racetracks on the telephone tally sheets, how come *he* knows so much about the sport of kings?

Grading the trainee

The in-basket method is so new (its invention is attributed to the Educational Testing Service, Princeton, N.J.) that there are still no standard yardsticks for evaluating the quality of performance for those who take part. AT&T, however, has set up a series of questions which the evaluator can ask in order to grade the trainee's personality, potential, and present abilities. Here is the list, in part:

1. What evidence is there to indicate the way in which the conferee attempted to organize the task?
2. Does he show evidence of familiarity with business operations?
3. Is there evidence of planning?
4. Does the trainee seem to plunge directly into a job without organizing his thoughts and materials?
5. Is he detail-minded—too detail-minded?
6. Does he show an effective use of routine?
7. Is there a pattern running through his responses?
8. Is there evidence indicating delegation of work and use of staff?
9. Is there an indication of his ability to judge the aptitudes or motives of others?
10. Do his responses reflect a concern for the impact of his actions upon other persons?
11. Judging from the way in which he handles materials, is it possible to determine the kinds of problems receiving most of his attention? With

(*continued on page 91*)

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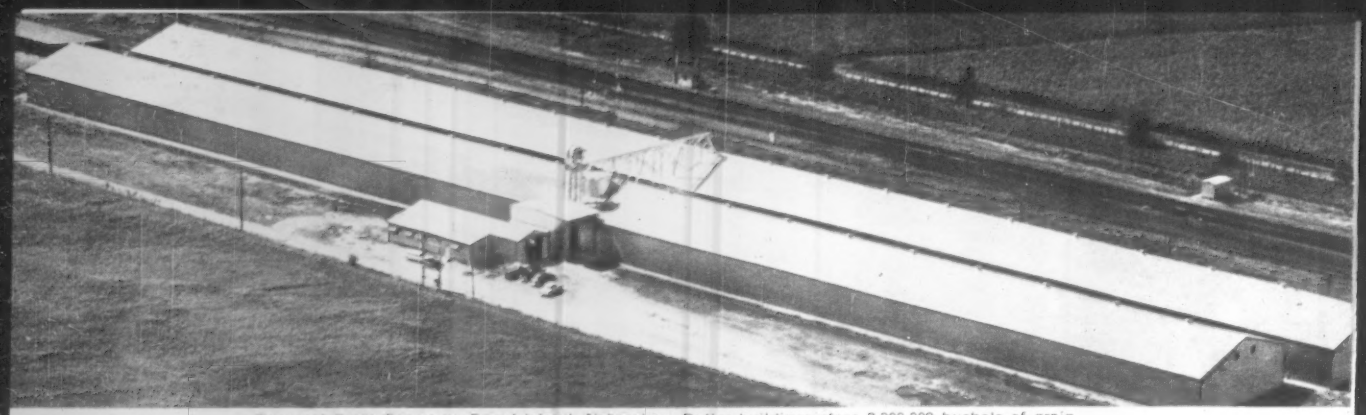

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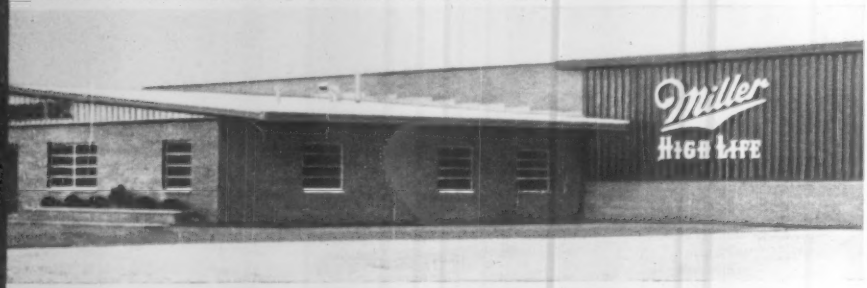

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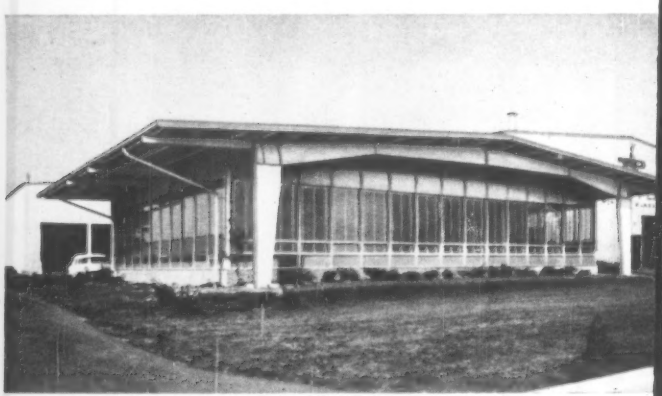

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Flick-Reedy Corporation, Bensenville, Illinois • Architect: Zay Smith Associates; Designer, Norman Steenhoff

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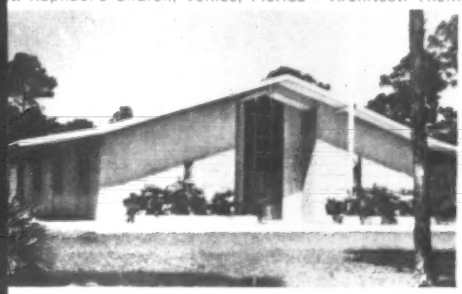
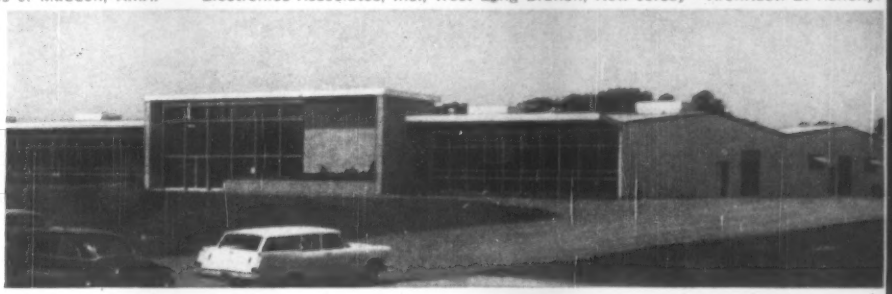


Electronics Associates, Inc., West Long Branch, New Jersey • Architect: B. Kellenyi



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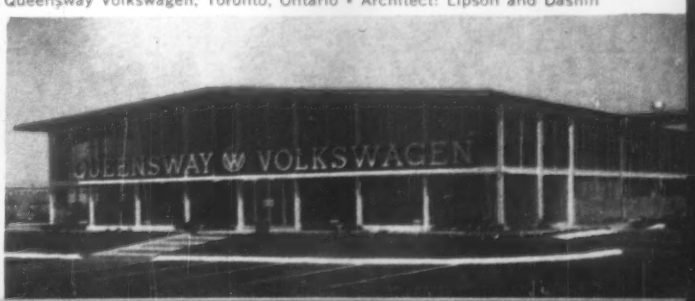
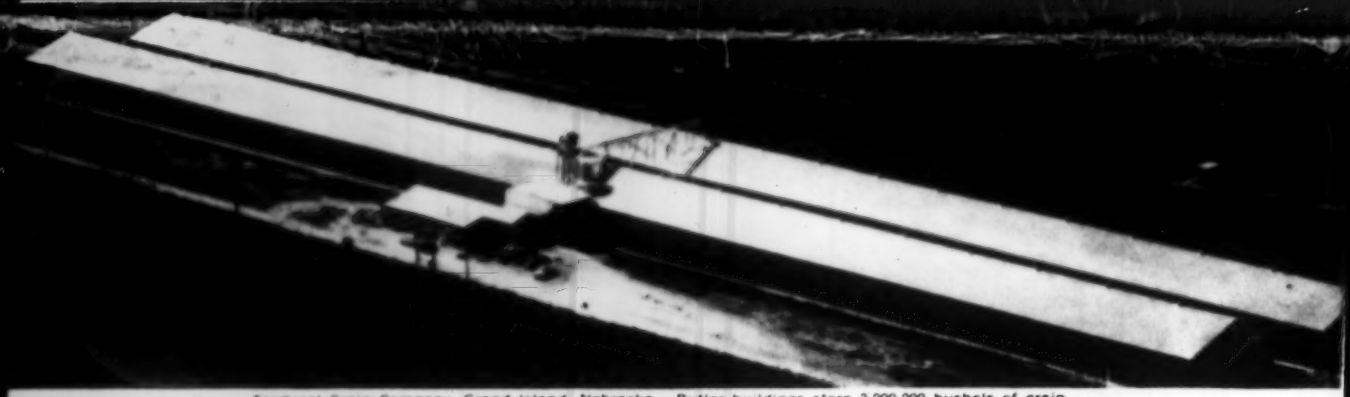
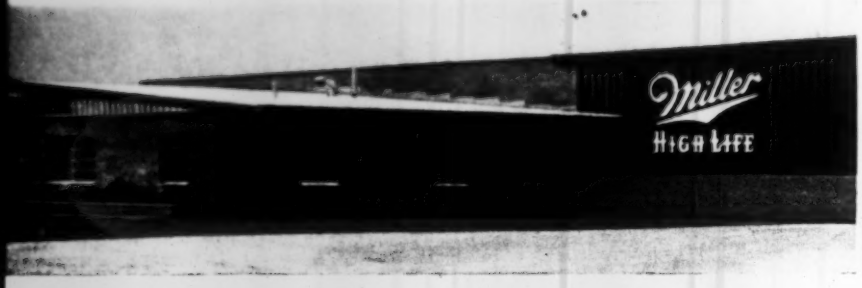




Terminal Grain Company, Grand Island, Nebraska • Butler buildings store 2,000,000 bushels of grain

Office and Warehouse, Bonbright, Incorporated, Dayton, Ohio



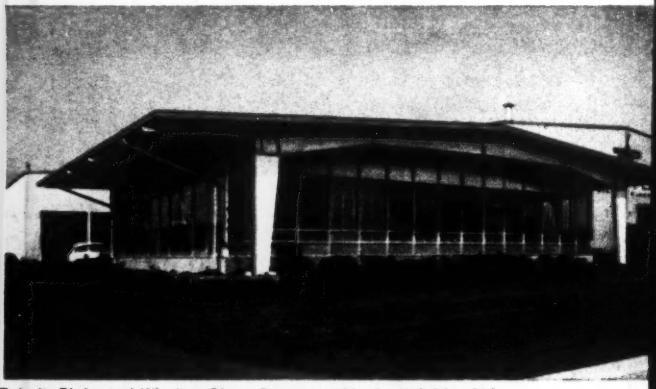
Truck Sales and Service, Abilene, Texas

ASTUTE BUYERS CHOOSE THE BUTLER

Over 100,000

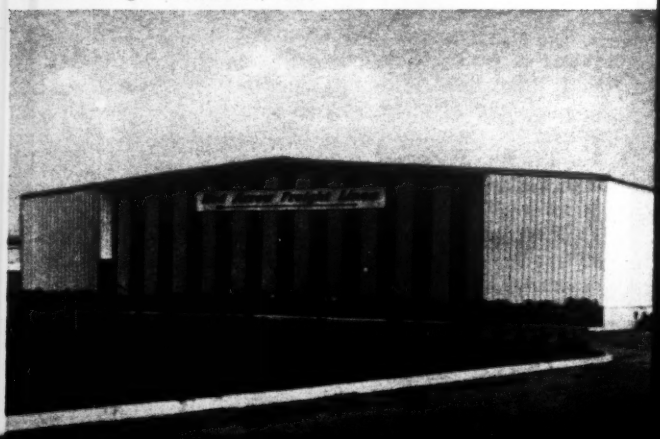
Waialae Bowl, Honolulu, Hawaii • Architect: Takashi Anbe, A.I.A.

Shopping Center, Kenosha, Wisconsin • Architects: Brown & Marx

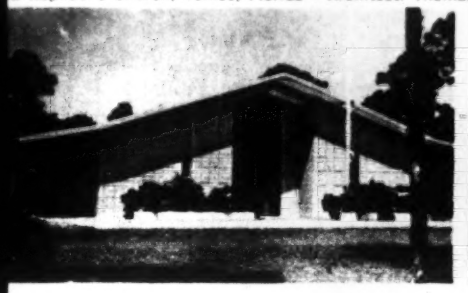


Toledo Plate and Window Glass Company, Maple Heights, Ohio

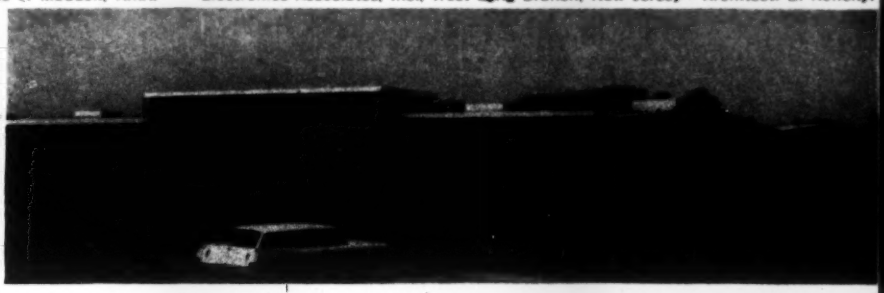
Red Arrow Freight Lines, Dallas, Texas



Flick-Reedy Corporation, Bensenville, Illinois • Architect: Zay Smith Associates; Designer, Norman Steenhoff



t. Raphael's Church, Venice, Florida • Architect: Thomas J. Madden, A.I.A.



Electronics Associates, Inc., West Long Branch, New Jersey • Architect: B. Kellenyi

BUILDING SYSTEM—

Butler Buildings

...now serve American industry, commerce, and community life

You're in good company when you decide to build with the Butler Building System. The roster of big-corporation users reads like a Who's Who of American industry. End-use market analysis of only 1959 Butler building orders tells a story of astonishing versatility. Butler buildings were purchased by 27 different kinds of industries, 23 kinds of commercial users, 6 types of transportation services, plus educational, religious, and fraternal organizations, and all levels of government from federal to local.

Pre-engineering, precision factory fabrication and simplified construction methods—backed by constant technical innovation and high quality standards—have created one of the most universal and popular systems of building construction in use today.

The Butler Building System offers you important advantages. Not the least of these is the international network of experienced Butler Builders . . . the largest independent organization of its kind. Butler Builders offer single-responsibility service, a turn-key job, and even help you arrange financing. Before you build—contact your nearby Butler Builder. He is listed in the Yellow Pages under "Buildings" or "Steel Buildings." Or write direct.

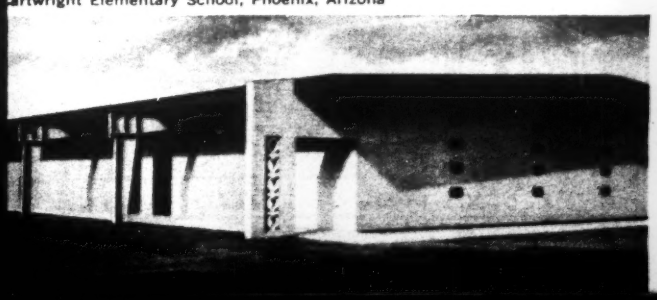
BUTLER

BUTLER MANUFACTURING COMPANY 7417 East 13th Street, Kansas City 26, Missouri

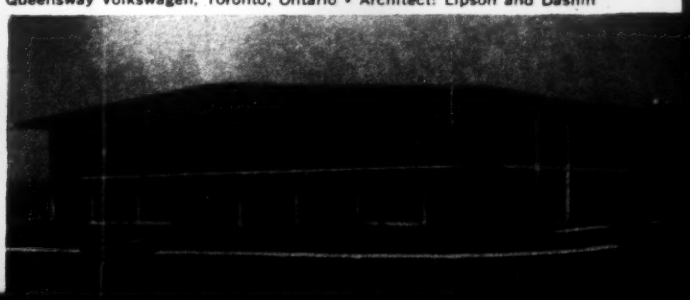
Manufacturers of Metal Buildings • Equipment for Farming, Oil Transportation, Outdoor Advertising • Contract Manufacturing

Sales offices in Los Angeles and Richmond, Calif. • Houston, Tex. • Birmingham, Ala. • Kansas City, Mo. • Minneapolis, Minn. Chicago, Ill. • Detroit, Mich. • Cleveland, Ohio • Pittsburgh, Pa. • New York City and Syracuse, N.Y. • Boston, Mass. • Washington, D.C. Burlington, Ontario, Canada

artwright Elementary School, Phoenix, Arizona



Queensway Volkswagen, Toronto, Ontario • Architect: Lipson and Dashin



continued from page 87

which kinds of problems does he appear to have most trouble? Which seem easiest for him to handle?

12. Does he seem to relate principles of management to procedures?

13. Can judgments be made as to any particular skills of the trainee?

14. Were there any unique responses indicative of unusual imagination or creativity? END

Labor Tips and Trends

Time Off for Politics

Encouraging employees to take an active part in community affairs is a growing trend. But politics takes time, so the Timken Roller Bearing Company has set up this policy for employees elected or appointed to public office:

Upon request, the company will approve reasonable time off —with pay—for performance of official duties. This applies to part-time political office holders such as city councilmen.

When a worker is elected or appointed to a paid civic job, the company grants a leave of absence of up to six months, paying the difference between the employee's regular salary and his political stipend.

No Winners

Are the "right to work" laws effective? A Fund for the Republic study says that the "actual workings do not bear out the claims of either side—'right-to-work' does not guarantee individual freedom, nor does it destroy the union. The impact of the statute on the rate of union growth has probably been minimal. The bargaining power (of unions) has not been impaired. Nor has it obliterated compulsion and coercion. Loyal members of strong unions have expressed their resentment against those they regard as 'free riders' in ways at least as objectionable morally and nearly as effective as if union membership were a requisite to employment."

Service de Luxe

Employees of ANSCO (Binghamton, N.Y.) can order their lunch by telephone. By calling in advance, workers don't have to wait in the cafeteria line. Their trays are ready when they arrive.

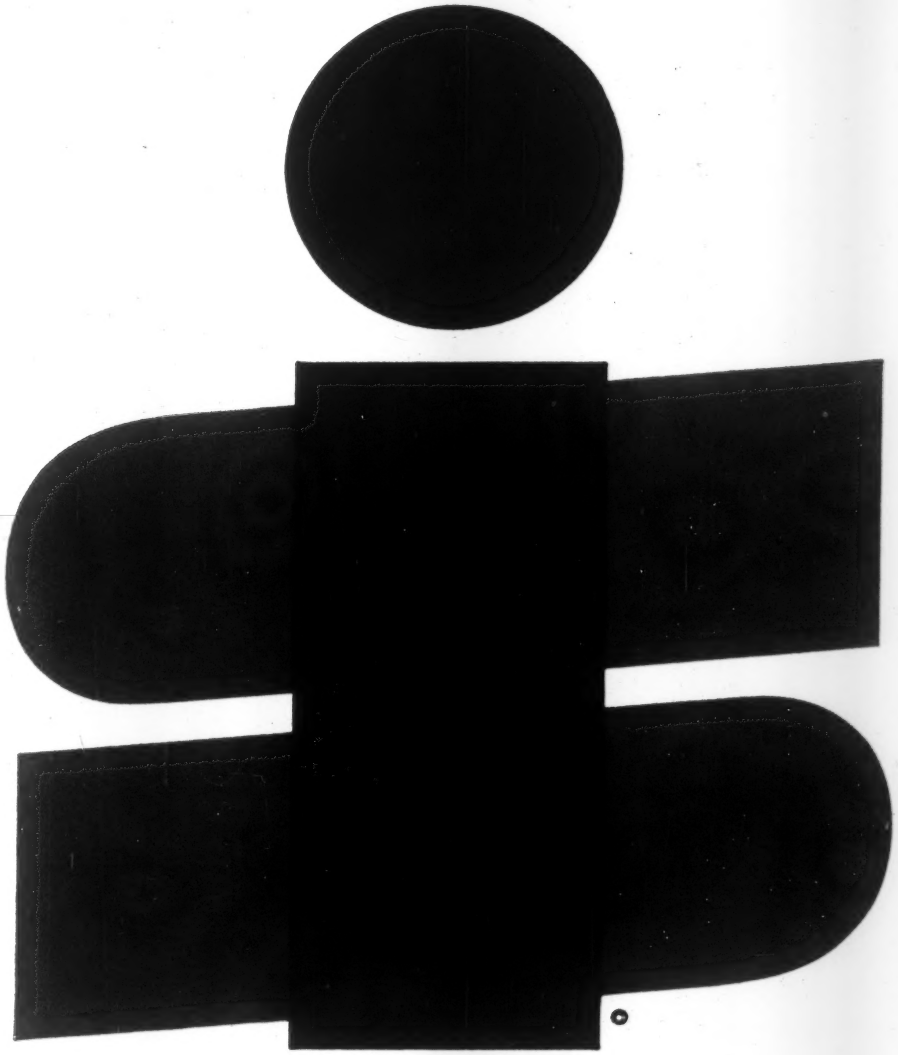
Kleinschmidt data processing speeds sales order preparation, production control and message distribution...ALL AT LOWER COST!

More efficient paper handling means better customer service. When better service can be provided at *lower cost . . . you are interested!* New Kleinschmidt data processing equipment and systems are easy to install, easy to understand and operate. An important Kleinschmidt advantage is that its 5-channel code is compatible with existing communications systems. To establish your own new data processing system, or to update your present document preparation methods, Kleinschmidt sells or leases *direct-to-user* at lower cost. Kleinschmidt engineers are available now to discuss your specific needs.

Ready now! Facts and information about . . .

- Data and message distribution systems
- Systems for preparing sales and purchase orders, shipping and receiving reports
- Production, inventory and material control systems

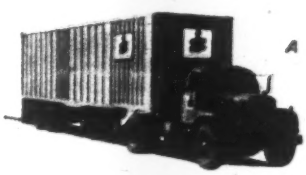
SCM KLEINSCHMIDT
DATA PROCESSING SYSTEMS DIVISION
SMITH-CORONA MARCHANT INC.
Lake-Cook Road, Deerfield, Illinois



This is our new trademark. It identifies America's fastest growing motor carrier system. Through 78 terminals, we serve business and industry in over 9,000 points within 24 states. This mark also gives you firm assurance of prompt deliveries — through fast, direct, time-tabled service.

INTERSTATE SYSTEM

MORE THAN A TRUCK LINE *A TRANSPORTATION SYSTEM*



Copyright 1960 Interstate Motor Freight System
Grand Rapids, Michigan

Now...Steel with Nickel can save taxpayers 7 million a year on highway upkeep

To provide the highways America needs, an estimated 65,000 new overpasses will be built within the next ten years. Then will come the cost of maintaining them. Biggest item: repainting.

The bill for repainting the overpasses that will be built during the '60's could run to 20 million dollars a year . . . unless. Unless the bridges are built of corrosion-resistant metals such as nickel-copper high strength steel.

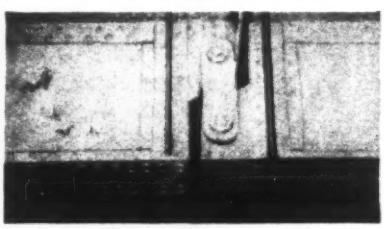
By resisting corrosion far better than standard structural steel, nickel-copper high strength steel holds a coat of paint at least 50% longer. It is estimated that this could save the taxpayers 7 million dollars every year in repainting costs!

Yet, bridges can be built of this steel, at no added cost. To get impartial cost comparisons, Inco sponsored a study which showed that the use of this stronger nickel-copper steel in highway overpasses saves enough tonnage so that the total cost of the bridge is no greater than with standard structural steel. It also makes possible safer, more graceful design.

Facts on bridge-steel corrosion based on thirty-five years of Inco research are being presented to bridge designers. This kind of market development by Inco brings important benefits of Nickel to more and more people. It's another reason why there's "Good news for you in Inco Nickel."

©1960, Inco

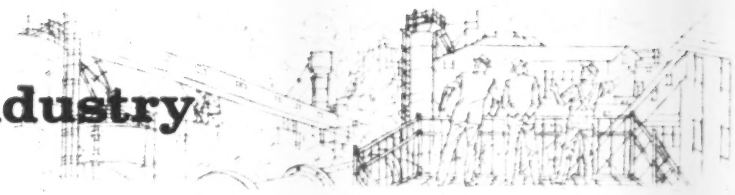
The International Nickel Company, Inc.
New York 5, N.Y.



This bridge in Oregon used conventional steel in section at left, and nickel-copper high strength steel in section at right — both painted 10 years ago. Because of corrosion on left, bridge is scheduled for repainting, while paint on right is still good for more years' service.

Inco Nickel *makes steel perform better longer*

Inside Industry



Importing Stimulates New Products

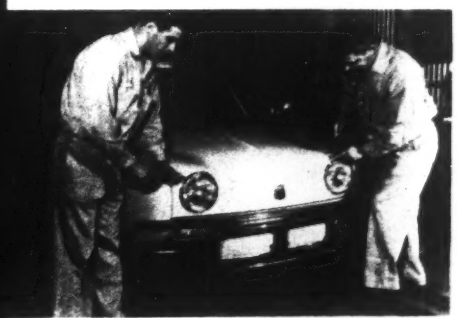
The huge and growing volume of hard goods imports has at least one rosy sidelight for dozens of American manufacturers. Many of the replacement parts and some original-equipment parts and accessories needed for foreign products can be made here.

Already alert to this new market, a number of American companies are making deals with big overseas manufacturers to supply replacement parts. For example, twelve companies have reached agreements with Renault of France to supply original-equipment parts for the small Dauphine autos sold in the United States, and over two dozen now supply approved replacement parts.

Some small auto accessory manufacturers have brought out specially designed accessories for European cars, and most of the big rubber manufacturers now produce special-size tires for the imports. Supplying engines and accessories for foreign-made airplanes is so common in the aircraft industry that when foreign planes are imported into the United States, they almost always get American engines and other vital parts.

The Radio Corp. of America has adopted another approach to this substantial market. It has brought out an "interchangeability" directory showing which U.S.-made vacuum tubes are direct replacements of or similar to foreign tube types used in imported equipment.

If other consumer hard goods from overseas approach the import volume of autos, opportunities like these should widen. Although this sort of on-the-rebound product development will never become a major industry, it could add handsomely to the profits of some alert manufacturing organizations.



LIGHT WORK: *These mechanics are installing American-made headlights and other parts as original equipment on an imported car (see story). The growing volume of imports offers many manufacturers small but solid markets in both original-equipment and replacement parts.*

Computer Pays for Itself

Installation of automation equipment is so widely misconstrued as primarily a labor-saving measure that it is helpful to note the capital-conserving benefits of one new process-control computer.

Because a single new Thompson-Ramo-Wooldridge RW-300 controlling two physically separate chemical plants can meet changing market needs faster and cheaper than human operators, the B. F. Goodrich Chemical Company hopes to recover more than the $225,000 cost of the digital computer through reduced inventory.

One month's inventory is the common rule in the chemical industry, but Goodrich hopes to reduce substantially this amount of tied-up capital. Incidentally, not one worker was transferred out of the two plants as a result of the installation of the computer.

The Tempo Quickens

It looks as if management will have to speed up the entire process of evaluating results from the research laboratory. The pace of innovation has been stepped up so fast lately that in some industries it's fatal to delay deciding whether or not to back a research discovery with a much more costly development effort. Just a few months' procrastination can give a competitor an irretrievable lead.

✓ Imports represent new market

✓ Approval of R&D projects lags

✓ Radiation detected by tiny crystal

The heightened pace of discovery was vividly illustrated in a recent talk by Mark W. Cresap, Jr., president of Westinghouse Electric Corp. He pointed out that it took the navies of the world thousands of years to progress from sails to coal, 40 years to shift from coal to oil, and only 12 years to move from oil to atomic power. Today, only three short years after the first crude, weak laboratory model was built, Westinghouse is building a 5,000-watt thermoelectric power generator for the U.S. Navy.

Semiconductors on the Move

Semiconductor technology, usually thought of only as the mother of transistors and solar batteries, has just spawned some attractive new babies. The most exciting is a solid-state radiation detector (see page 95), but many segments of industry will also be interested in a semiconductor strain senser and a completely solid-state pressure transducer, two common industrial instruments.

The pinhead-size radiation detector

information about Little Rock for industrial site seekers

More people with more buying power are located within a 300 to 400 mile radius of Little Rock than within the same area of other major Southwestern cities. Not only is it in a good market position, but it has excellent service industry facilities and transportation, a plentiful supply of workers, and a most attractive wage level.

A recent law enacted by the Arkansas legislature is proving of interest to new industry. It enables counties and municipalities to form compacts for industrial financing, and authorizes them to issue first lien obligations up to 75% of the appraised value of the lands, buildings, and heavy machinery to be financed, and second lien obligations for any remaining necessary financing.

The Rock Island has many choice industrial sites available in Little Rock and other Arkansas cities. If the following information on Little Rock interests you, get in touch with us for more specific details. We'll work with you in strictest confidence.

LABOR: Skilled stable labor force of 75,000 available in Pulaski County; increase in empoyment of 30% in 10 years (10% in 2 years); average education 8.7 years.

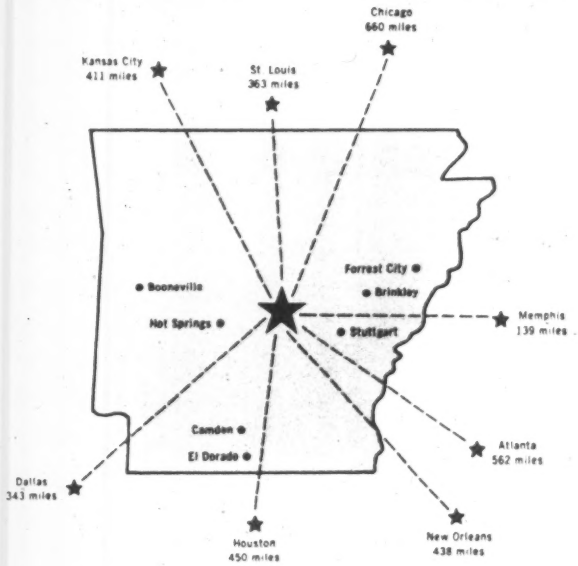
POWER: 242,000 KW per day of electrical power; 4½ trillion cu. ft. of natural gas in reserve storage.

TRANSPORTATION: The Rock Island and 2 other railroads; 32 interstate truck lines; 27 local terminals; 5 airlines; 8 bus lines.

RAW MATERIALS: Uncommitted timber, soil, and water nearby; vast supplies of minerals; parts and sub-assembly manufacturers plentiful; reliable sources with reasonable delivery costs.

HOUSING: 2,704 new housing starts in last three years ('57-'59); 45 attractive residential subdivisions, 40 of which are relatively new, within a 10 mile radius of downtown; rentals average $14 per room per month unfurnished; Little Rock's urban development program is recognized as one of the three most aggressive and outstanding in the nation, due, in large part, to support by private enterprise.

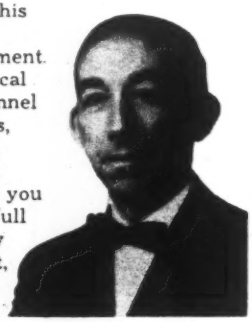
THE COMMUNITY: Approximately 60 elementary and high schools with an average of 28 students per classroom; 8 colleges and business schools; approximately 35 public parks and community centers; 36 hospitals and rest homes staffed by 375 doctors; total tax picture in Little Rock and Arkansas is competitive with other states. (Only one neighboring state shows a more favorable total tax liability for federal, state, and local taxes for high fixed asset firms.)



COMMERCIAL SERVICES: 96 classifications of industry with 255 listed corporations, including tool and die operations; 4 local contractors are experienced in industrial construction; exceptionally wide diversification of commercial activity with modern, attractive shopping district and several shopping centers.

CLIMATE: Average mean temperature is 62.4°F; average monthly rainfall 3.94" (47.28" average annual rainfall).

The man who knows Little Rock industrial sites like the back of his hand is Ray R. Penney of the Rock Island's Industrial Department. Mr. Penney and his staff are typical of Rock Island specialized personnel who, during the past three years, have helped locate over a billion dollars of private industry along Rock Island tracks. He can help you find just the spot you need. For full details, write, wire or phone Ray Penney, 1007 East Second Street, Little Rock, or Industrial Dept., Rock Island Lines, Chicago 5.



Rock Island

ROCK ISLAND LINES

the railroad of planned progress
...geared to the nation's future

SOLID-STATE *radiation detector no larger than the head of a pin is supposed to be 1,000 times faster than previous detectors (see story). With it, a complete detection device can be built that's no bigger than a cigar as shown above.*

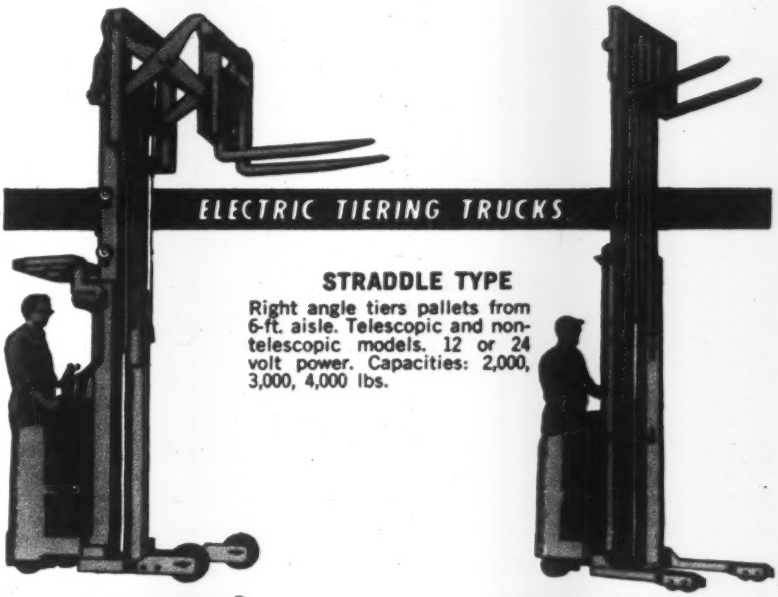
was developed by the Hughes Aircraft Company, Los Angeles. It means that eventually every worker in an atomic energy installation and every infantryman can be protected by his own direct-reading detector. At present, men handling radioactive materials wear devices that report radiation exposure only after the fact. The only way a worker can tell instantaneously if he is receiving a dangerous dose of radiation is by carrying around a delicate and comparatively expensive instrument about the size of an alarm clock.

But if the new "solid-state ionization chamber" is used, the complete detector can fit into a cigar tube. The new detectors should also stimulate many more control applications in industry for radioisotopes, which today are used in fewer than 10 per cent of the manufacturing plants in this country.

Later this year, Hughes plans to go into mass production of the ingenious little beads. When that happens, the price will drop from $50 to less than $10 each. Of course, even that price should drop after a while. Remember how transistors cost $50 apiece when they first came out? Now some sell for 50 cents!

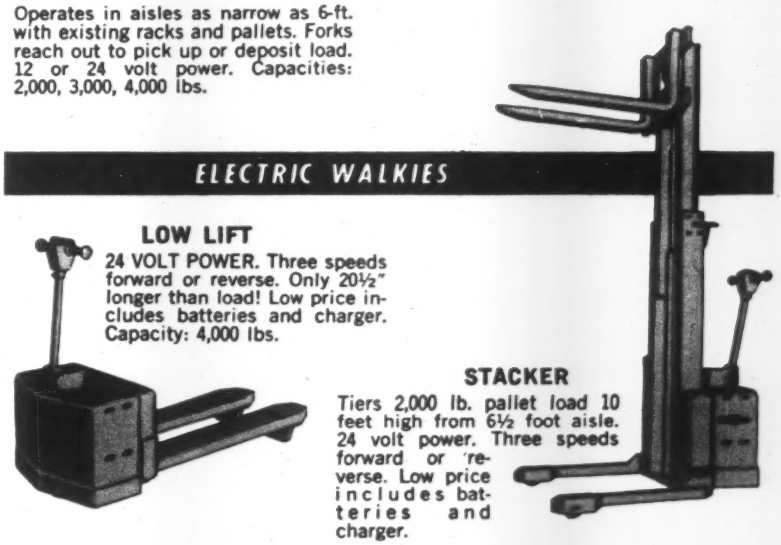
The new semiconductor strain detector is said to be 50 times as sensitive as conventional metallic strain gages. Developed by Electro-Optical Systems, Inc., Pasadena, Calif., under contract to the Army's Picatinny Arsenal, Dover, N.J., it should be of great aid to designers in the develop-

These RAYMOND Trucks Make NARROW aisles possible!



STRADDLE TYPE
Right angle tiers pallets from 6-ft. aisle. Telescopic and non-telescopic models. 12 or 24 volt power. Capacities: 2,000, 3,000, 4,000 lbs.

REACH-FORK®
Operates in aisles as narrow as 6-ft. with existing racks and pallets. Forks reach out to pick up or deposit load. 12 or 24 volt power. Capacities: 2,000, 3,000, 4,000 lbs.



LOW LIFT
24 VOLT POWER. Three speeds forward or reverse. Only 20½" longer than load! Low price includes batteries and charger. Capacity: 4,000 lbs.

STACKER
Tiers 2,000 lb. pallet load 10 feet high from 6½ foot aisle. 24 volt power. Three speeds forward or reverse. Low price includes batteries and charger.

SEND FOR FREE BULLETINS!

Whether your operation is small, involving only occasional handling, or big, where tons of goods are moved daily, investigate the dollar and space-saving possibilities of RAYMOND narrow aisle trucks. Send for bulletins today!

THE RAYMOND CORPORATION
4605 Madison St., Greene, N.Y.

Please send FREE bulletins:
( ) Reach-Fork ( ) Straddle
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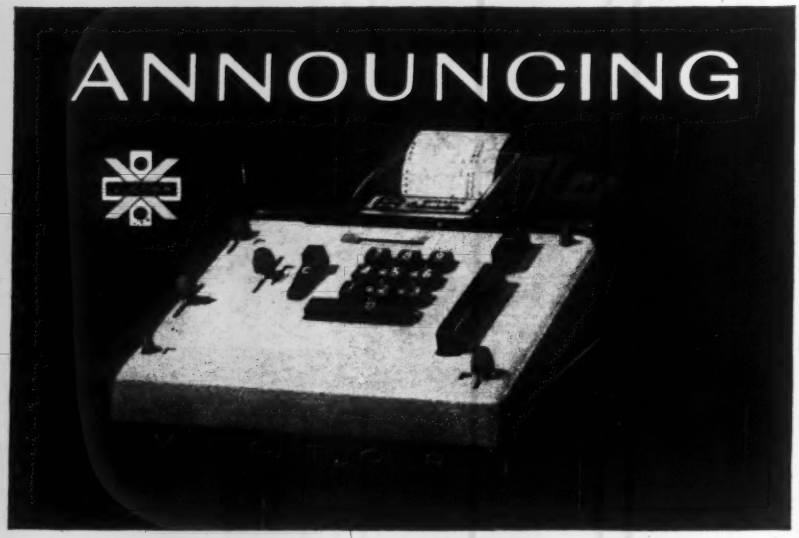
NAME TITLE
COMPANY
STREET
CITY STATE



The 1960 Victor Automatic Printing Calculator—easy to use as an adding machine

Victor's exclusive Magic Motor Bar and Simpla-Key handle all calculations, print answers clearly, with true symbols, on tape. Automatic Constant, Total Transfer and Credit Balance. *So simple* to use no special training is needed. So handsome it decorates the desk it works on. So sensibly priced you'll be surprised! See Yellow Pages for nearest dealer or factory branch.

VICTOR business machines
Victor Adding Machine Co., Chicago 18, Illinois

Find Your Nearest Dealer in the Yellow Pages

HOW WOULD **YOU** INVEST

$6,000?

Let's say you have the problem of finding the best way to invest $6,000 (nice problem)! How would you do it? Perhaps you would like the safety of bonds, or perhaps you feel that you have enough knowledge of the market to try common stocks. Then again, your choice might be a small (**very** small) piece of real estate. Think it over . . . it isn't easy to decide, especially if you really could use the extra income from your investment.

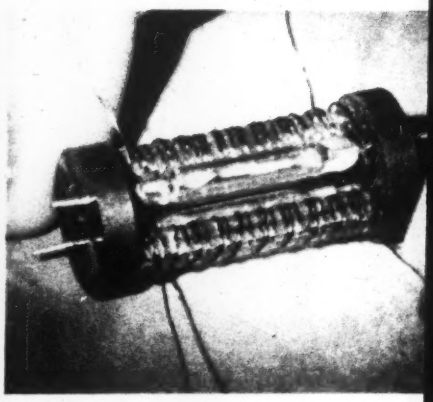
If you ever do have such a problem, we'd like to show you how hundreds of businessmen from coast to coast have invested $6,000 cash and have experienced an **average** return of over $100 A WEEK on their investment. No gimmicks . . . just a sound business investment in a neighborhood coin-operated ECON-O-WASH laundry. An unattended franchised ECON-O-WASH laundry takes up so little of your time that there's no thought of leaving your present job, so that $100.00 a week is **extra** income. With no obligation, send for our free booklet. It gives the fascinating ECON-O-WASH story in greater detail, and may show you the way to the most solid investment you will ever make. *Write for:*

BOOKLET N 360, SMALL EQUIPMENT CO.
DIV. OF AMERICAN LAUNDRY MACHINERY CO.
CINCINNATI 12, OHIO.

Compact, economical, safe. All revolving parts are covered. Instantly adjustable. Shreds "a" to "g". Designed for continuous and trouble free service.

Quickly shreds newspapers, magazines, waste paper, cellophane, tissue, corrugated cartons, wax paper, etc. into uniform resilient 1 8" to 3 8" strands, ideal for packaging purposes. Especially adapted to shredding confidential records, blue prints or any classified material. Send for descriptive bulletin S1255. Names of users near you available on request.

FREE TRIAL! Operate a SHRED ALL for 30 days — if not satisfied — return — we pay freight.
UNIVERSAL SHREDDER CO.
2934 Bay Road - Saginaw, Michigan



MECHANICAL APPROACHES *to fast switching problems common in industry have not been completely exhausted, as shown by the "ferreed" above. Recently invented by a team of engineers at Bell Telephone Laboratories, the magnetic device works on pulses measured in microseconds. Most electro-mechanical switches operate in milliseconds. The key element in this switch is a thin reed of magnetic materials sealed inside a glass tube.*

ment of highly complex equipment.

Giannini Controls Corp., Pasadena, Calif., developed the new solid-state pressure transducer. No larger than a stack of dimes, it can convert rapid pressure changes into electrical signals with great accuracy.

Semiconductor technology is also being expanded by the development of unusual new types of semiconductive materials. Researchers in Russia and at Princeton University have developed plastics with the special property of conducting electricity in only one direction, just like the semiconductive metals. In addition, the Princeton group is experimenting with modified forms of graphite as a semiconductor.

Germanium and silicon, by far the most commonly used semiconductors, are already getting competition from other materials. General Electric is offering sample quantities of tunnel diodes made of gallium arsenide, and Stanford Research Institute has grown usable crystals of silicon carbide, which works at extreme temperatures.

All this ferment in semiconductor research means that many more jobs in industry now performed by other devices made of glass or conventional metals will be taken over by semiconductors. At the same time, the new advances will encourage designers to come up with new machines and instruments unlike anything now in existence. —M. M.

FROM SQUAW VALLEY TO SAN YSIDRO—"OFFICIAL" CALIFORNIA TRAVELS BY LARK

Latest fleet-car order of the Golden State, for 234 more Larks, now puts 515 Larks in State service—all of them V-8's. Coast to coast, the trend is the same. Here are some orders delivered in the last 45 days alone ➤ Washington: 491 Larks to the General Services Administration, its biggest 1960 compact-car purchase. Oregon: 159 more Larks. Indiana: 41 more Larks. Milwaukee Police Department: 56 Lark Marshals. New York: 86 more Studebaker taxis to Frenat Service ➤ Why? Fleet buyers are budget-wise buyers; The Lark is the wisest buy of the compacts.

FLEET BUYERS KNOW The Lark is the one and only *Compact without Compromise.* Greatest total headroom, legroom, seat room—but 3 to 15 inches shorter than any other! LOWER COST PROVEN for operation, for maintenance, for repair, for insurance—by actual fleet operational records!

The Compact Without Compromise

THE LARK BY STUDEBAKER

WANT TO SEE THE RECORDS? SEND THIS COUPON

Please print. Send to Fleet Sales Division, Studebaker-Packard, South Bend 27, Indiana.

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DR 4-60

MESSAGE TO AN IMPATIENT MAN

NO TIME LAG

WITH THE PHILCO 2000 COMPUTER

The Philco 2000 Electronic Data Processing System is the ... because it is the only ... system commercially available today. Each ... the instant the program's operation is ... Anyone who ... for ... can ... In all ... it ... any ... currently available. The Philco 2000 ... all ... and ...

PHILCO 2000
DATA PROCESSING SYSTEM

PHILCO

Famous for Quality the World Over

Will not become obsolete

Because the Philco 2000 is truly asynchronous, newly developed components and design improvements may be incorporated at any time, without redesign of equipment and with no reprogramming. The system can always be updated, at minimum cost.

• • • • •

Complete customer service

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Sales & Distribution

✓ *Need more salesmen? Starting next fall, you can get fresh facts on surplus sales manpower across the nation.*

✓ *There's an art to supplying the retailer with useful P-O-P material, a new survey shows. Here's how to practice it.*

New Salesman Exchange

Finding sales manpower to move mountains of goods in the decade ahead is one of the most challenging jobs facing management today. To help lighten the big job ahead, scores of marketing-minded companies are currently getting together to sponsor the non-profit Sales Manpower Foundation—a subsidiary of the Sales Executives Club of New York.

By fall, the SMF plans to have ready a nationwide inventory of all available marketing manpower—the first such roundup of salesmen and sales executives ever attempted.

According to present plans, resumes will be gathered, catalogued by product and area covered, and placed at the disposal of the business community. To cover operating expenses, a nominal charge will be made for locating salesmen and sales managers. Job-seekers will be able to keep in touch with the marketplace by paying $5 for a three months' subscription to the SMF's twice-monthly listing of job openings.

Point-of-Purchase Pointers

Much of the $350 million that manufacturers now spend for point-of-purchase display material may be going down the drain, it appears from a new survey. Asked to evaluate point-of-purchase advertising displays provided by manufacturers, executives of supermarket chains confess to mixed feelings, like those of an heir to a shoddy estate. The supermarket men generally like the material and consider it valuable and necessary, yet they often resent the manner of its presentation.

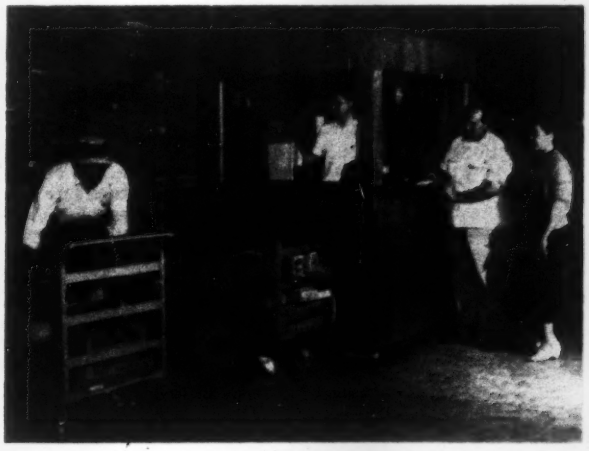
Their composite reaction—as re-

The Supermarket Technique Comes to Wholesaling

Small grocers in Cleveland, Ohio, are saving as much as 10 per cent on their wholesale purchases by doing their own stockpicking and by paying cash on the line. The fact that they relieve the wholesaler of the need to deliver the groceries also adds to the savings.

Recently opened in Cleveland, the self-service branch of the Suid Wholesale Grocery is particularly attractive to proprietors of small, family-operated grocery stores, where even small savings are of real importance. As in the traditional supermarket, prices are clearly marked, but here the shopper buys by the case rather than by the can. Customers like the idea—and the savings.

TRUNDLING *a hand-truck rather than a shopping cart, the owners of a small retail grocery store pick out the items that they need to restock their own shelves.*



AFTER THE TAB *is paid at the checkout booth, an employee of the wholesaling company prepares to transfer the purchase to the retailer's light truck.*

This woman is "Ready-to-Buy"

Coming soon...a new way to reach your most valuable market... the people who are "Ready-to-Buy!"

Plasticles SIGN LETTERS

OF DURABLE ACRYLIC PLASTIC

FOR THE SUCCESSFUL BUSINESS LOOK!

What Does Your Business Front Say About Your Company . . . Your Products . . . Your Service? The sign on your building is your "business card" to potential customers. No matter what you make or sell—a good front is an important business asset . . . and Plasticles Sign Letters give your business distinctive, personalized identification that will be *looked up to* and remembered.

The Right Sign is Important—Choose sign letters that beautify your building . . . that add prestige to your business. Plasticles Corporation manufactures a wide variety of designs and color combinations to choose from.

Send Coupon for Illustrated Bulletin

Find out how you can identify your business with colorful Plasticles Sign Letters. Guaranteed not to fade, chip or crack. Get complete information on "what to look for when buying sign letters."

PLASTICLES CORPORATION
14588 SCHAEFER ROAD · DETROIT 27, MICH.
Mail Illustrated Sign Bulletin to . . .

Name_____

Address_____

City_____ Zone____ State_____

REPRESENTATIVES IN PRINCIPAL CITIES

flected in a survey just completed by Mass Marketing Research, Inc. for Schneider Press, Inc.—can be summarized like this: "Our suppliers give us too much, and this is wasteful. Also, it's given in such a way that we have to waste a lot of time shuffling through it to see what we can use. They don't take our needs into consideration; much of the material is just not right for our stores."

The survey was based on interviews with sixty-one executives and store managers of 37 chains in eleven states and the District of Columbia.

Schneider Press — which prints much P-O-P material—sponsored the survey as a service to its customers. Although large sums are spent annually on P-O-P, relatively little is known about its real usefulness.

Here are some of the specific highlights of the survey:

- P-O-P is most effective when it is:

—part of an over-all advertising campaign and tied in with other media

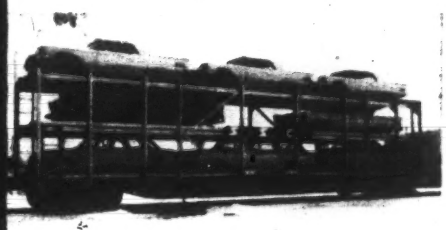
—tied in with a store promotion such as a dollar-day sale or a store anniversary

—tied to an outside promotional event such as Dairy Month

—part of a special discount sale of the particular brand.

- The favored forms of P-O-P are shelf-talkers (animated or mechanical gadgets), dump bins, and baskets. They serve as eye-stoppers at the location where the customer sees both

SCHEDULED *for completion this summer, this new Wellington Square shopping center in London, Ontario will have a centrally heated and air-conditioned public mall on*



IF THIS TRIPLE-DECK *flatcar passes its current tests, the Ford Motor Company will be able to ship more automobiles on a single railcar than is now possible either with boxcars or piggy-back methods. The full-scale flatcar—this is a prototype—will carry twelve standard-size cars, or fifteen compact cars, or any combination of the two.*

message and product at the same time. Also, they don't clash too much with the store's decor.

- No matter how attractive point-of-purchase material may be, the store won't use it unless the item featured is really profitable and the potential volume is good.
- The manner in which the sales rep presents the P-O-P material is critical. Bad presentation can do much to detract from the usefulness of excellent material. Said one chain executive: "They say, 'Here is the stuff—take it or leave it.' So we usually leave it. They come in with the wrong attitude—they think they are doing us a favor." And the situation is just as bad when the P-O-P man dumps material indiscriminately, even when he

to which the various open-fronted stores will open directly. Similar weather-proof shopping centers are being planned for construction in Houston and Dallas

CHATTANOOGA-MEMPHIS-NASHVILLE

"On the Seaboard!"

The triangle formed by these three principal Tennessee cities is a busy freight traffic area for shipments flowing to and from the Seaboard Southeast. It's natural that Seaboard should maintain offices in each of these key cities to provide shippers with the same efficient, up-to-the-minute information as if its rails actually traversed the Volunteer State.

Throughout the nation, too, Seaboard traffic staffs are strategically situated to give you "on-line" service — fast, complete, courteous. They want you to call on them many times in the future. We believe you will, once you know how they operate.

They will also be happy to obtain for you information on desirable industrial properties located on the road's right-of-way, and tell you about Seaboard's new Piggyback facilities linking North-South cities.

EARL K. KRAEMER
General Agent
Chattanooga, Tenn.

JAMES L. STURDIVANT
General Agent
Memphis, Tenn.

MARION T. SANDERS
General Agent
Nashville, Tenn.

Remember, a local telephone call and you're "on the Seaboard!"

In CHATTANOOGA	In MEMPHIS	In NASHVILLE
AMherst 6-3758	JAckson 6-7067	ALpine 6-7427
1015 James Building	1334-35 Exchange Bldg.	830 Third Natl. Bank Bldg.

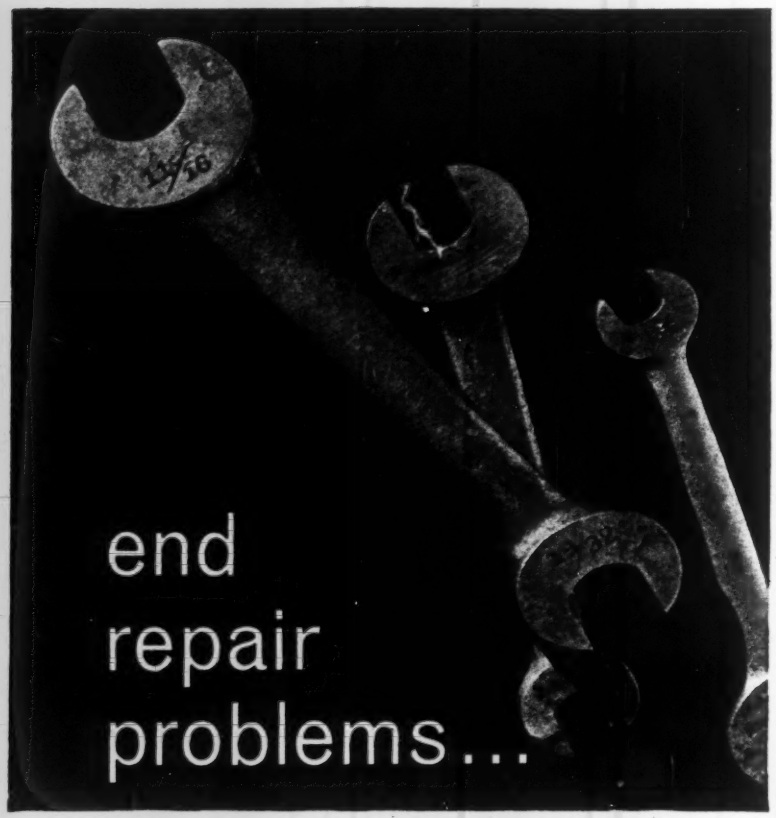
NATION-WIDE! OTHER SEABOARD FREIGHT REPRESENTATIVES ARE SITUATED IN:

BALTIMORE, MD.	5-7 South Calvert St.	LExington 9-3920
BOSTON, MASS.	80 Boylston St.	LIberty 2-4700
BUFFALO, N. Y.	1524 Rand Bldg.	MOhawk 7152
CHICAGO, ILL.	1460 Marquette Bldg.	STate 2-2195
CINCINNATI, OHIO	1803 Carew Tower	MAin 1-5061
DETROIT, MICH.	1207 Lafayette Bldg.	WOodward 2-8404
HOUSTON, TEX.	5958 Beldart	MIssion 9-2573
KANSAS CITY, MO.	1204 Fairfax Bldg.	VIctor 2-4747
LOUISVILLE, KY.	320 Heyburn Bldg.	JUniper 4-3413
NEW ORLEANS, LA.	914 Hibernia Bk. Bldg.	JAckson 5-7888
NEW YORK, N. Y.	1478 Woolworth Bldg.	WOrth 2-1180
PHILADELPHIA, PA.	307 Transportation Center	LOcust 3-8038
PITTSBURGH, PA.	953 Union Trust Bldg.	ATlantic 1-1159
ST. LOUIS, MO.	1921 Rwy. Exchange Bldg.	MAin 1-1894
SAN FRANCISCO, CAL.	P. O. Box 548	(Belmont) LYtell 1-1229
TULSA, OKLA.	5906 E. 26th Place	TEmple 5-3130
WASHINGTON, D. C.	1001 Connecticut Ave.	REpublic 7-8287

. . . and of course at principal points in the six great states served by Seaboard.

SEABOARD
AIR LINE
RAILROAD

THE ROUTE OF COURTEOUS SERVICE



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Please send me your illustrated booklet, "Who Should Lease Cars . . . and Who Shouldn't."

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POSITION_____
COMPANY_____
ADDRESS_____
CITY & STATE_____
NO. OF CARS OPERATED_____

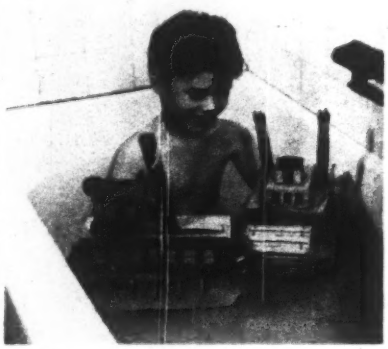
is told it isn't wanted. Say the store managers: "They ought to show more respect for their own materials."

Here's a rundown of specific recommendations that came out of the survey for manufacturers who provide P-O-P material:

1. To make it easier on store operators who have to throw away so much material—most of it unused—don't design P-O-P displays to look too valuable. They should be attractive and functional, but any suggestion of costliness and permanence should be avoided unless the material is specifically designed for reuse.
2. If possible, make maximum use of material that can be used for another purpose after the particular promotion is finished. For instance, Santa Clauses, Easter bunnies, and certain types of kits can make entertaining playthings for children of the store's employees.
3. If at all possible, make arrangements to remove and dispose of the P-O-P material after it is used.

—T. K.

BESIDES *withstanding leaky milk cartons, plastic-treated shopping bags are now providing for many reuses, such as . . .*



BATHTUB BOATS *that can be cut out from the shopping bags. Impregnated with American Cyanamid Company's melamine resin, these cut-outs will float for hours.*

Don't let the low price fool you!

. . . this $99.50 copier outperforms copiers costing up to 4 times as much!

Skeptics are cordially invited to bring samples of their office records to the nearest Verifax dealer. See how Kodak's $99.50 Verifax Bantam Copier reproduces all types of writing, typing, drawing, printing; how it gives you 5 dry, white, easy-to-read copies in 1 minute for 2½¢ each; how it makes copies on printed office forms . . . and on both sides of a single sheet; how it even makes translucent whiteprint masters.

Phone local Verifax dealer for demonstration (see Yellow Pages under duplicating or photocopying machines), or write Eastman Kodak Company, Business Photo Methods Division, Rochester 4, N. Y., for booklet describing all copier models.

Price quoted is manufacturer's suggested price and is subject to change without notice.

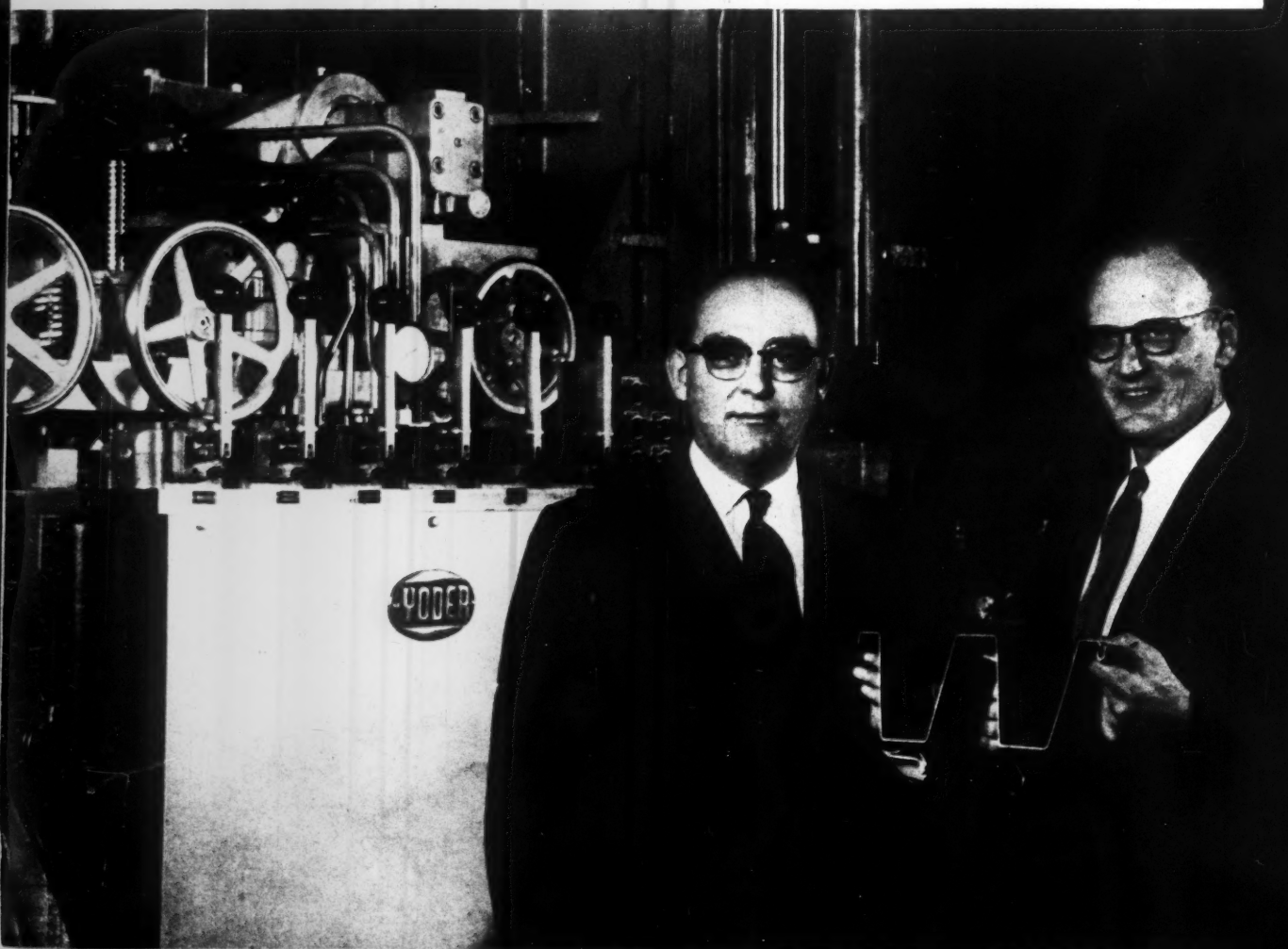
Verifax Copying **DOES MORE... COSTS LESS... MISSES NOTHING**

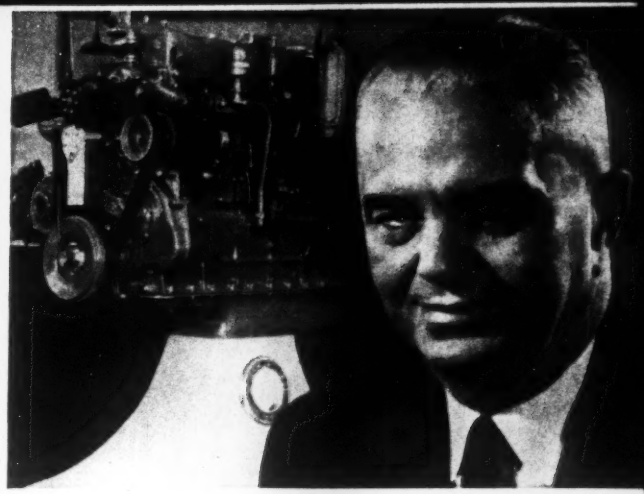
Kodak
TRADE MARK

"FROM A STANDING START in gloomy 1934 we grew to our present $10 million annual volume, with Heller funds and guidance. With ample funds available, we devote our energies creatively to business." E. M. Stevens, President, Great Western Loan & Trust Company, San Antonio, Texas.

"HELLER FUNDS FUNCTION for us as equity capital. These funds replace stockholders; there's no lien on future profits. Our company started in 1949 with $1,500 capital. Today our sales exceed $30 million annually." E. T. Barwick, President, E. T. Barwick Mills, Atlanta, Georgia.

Six Typical American Success Stories





"WHEN NO OTHER financing institution was willing to consider us, Heller had confidence in us. Heller funds increased our profits, speeded our growth, helped us to financial independence." David Verson, President, Verson Allsteel Press Company, Chicago, Illinois.

"OUR MAJOR CUSTOMERS started making their own engines. We had to change products, find new markets. With Heller money and services our company weathered its stormiest period." C. J. Reese, President, Continental Motors Corporation, Detroit, Michigan.

Helped Come True by Heller Dollars

You see the company's buildings and its products. You hear the famous name. But only the numerals written by the bookkeepers can tell you how the company got where it is. And very often the place where the upturn started was the place where Heller money and cooperation went to work.

Heller has financed projects as diverse as jet planes and TV shows, oil tankers, ladies' wear and reclining chairs. But Heller will finance a company only if that company will profit more with Heller than by any other financing available. Today, Heller advances more than a billion dollars annually to business.

If your annual sales are upward of a quarter million, our booklet, "Financing Business Action", may suggest how to strengthen your position and increase your company's profits. Write for your copy today; there's no obligation whatever.

You Go Faster and Farther with Heller Dollars

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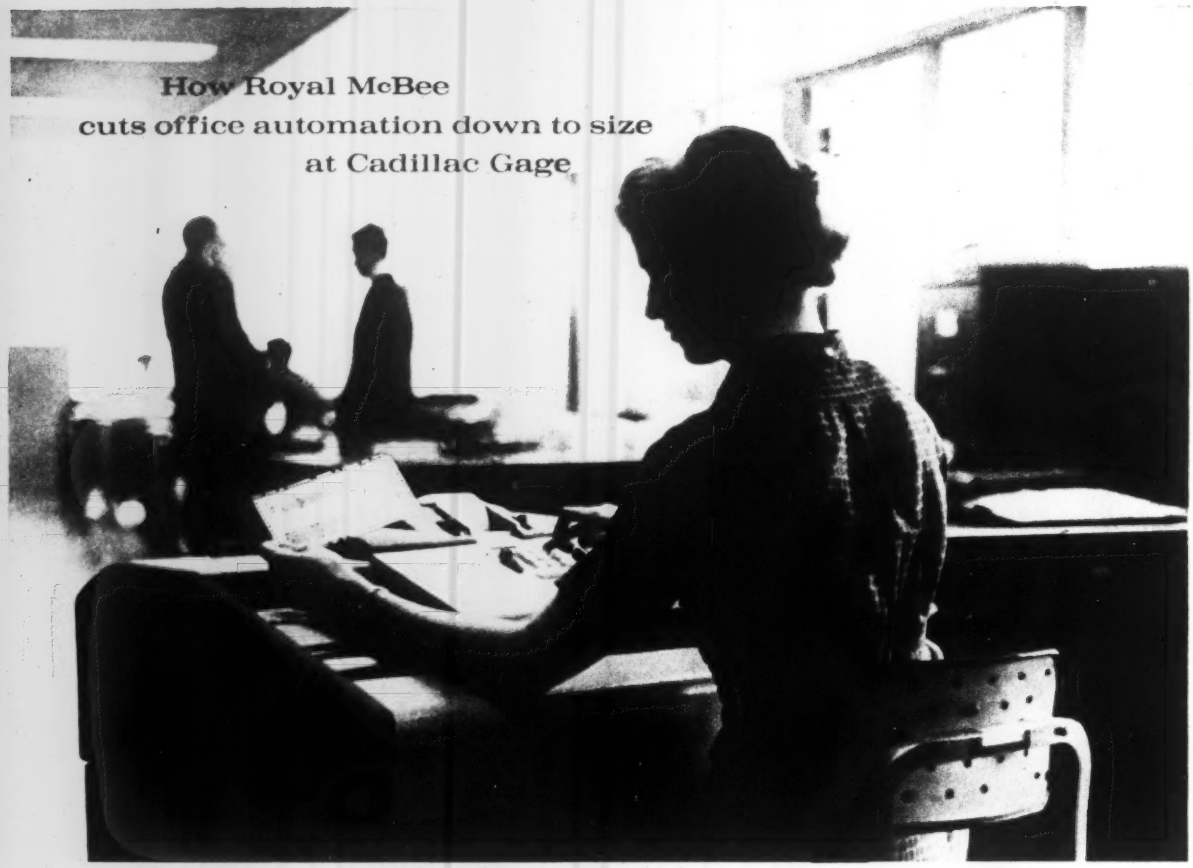
Walter E. Heller & Company of California, 849 S. Broadway, Los Angeles 14

"HELLER'S CASH gave us needed support at a critical period—and, maybe more important, though hard to measure, was Heller counsel. With Heller our sales have increased twenty-fold." Douglas O. Yoder (*right*), President, and Edmund H. Kanzenbach, Treasurer, The Yoder Company, Cleveland, Ohio.

"FROM A SMALL REGIONAL AIRLINE in Florida, Heller money helped National Airlines become one of the nation's leaders, a pioneer in jet travel." G. T. Baker, President and Chairman of the Board, National Airlines, New York, N. Y.

How Royal McBee
cuts office automation down to size
at Cadillac Gage



Cadillac Gage gets tight production and labor control...reduces clerical costs by 30% with easy-to-use Automatic Keysort

Need: fast, accurate management reports for controlling production of ultra-precision units—and a 226-man work force.

Company: Cadillac Gage, leading manufacturer of electric-hydraulic servo valve assemblies for missiles and aircraft.

Solution: the easy-to-use, low-cost machines and punched cards of Automatic Keysort Data Processing.

Method: Keysort punched cards, mechanically code-notched with required information for rapid sorting, are created as original documents for 1) material planning, 2) job-routing and 3) labor distribution. Upon completion of each job, the accounting department automatically processes the collected information with the Keysort Tabulating Punch—internally coding the cards with actual and estimated time of job. This unique machine then automatically produces a tabulation of variance in work time by work center and order number.

Result: with the comprehensive, on-time reports made possible by Automatic Keysort, Cadillac Gage is now able to pinpoint any job in the plant . . . can determine the cost of labor and the total time spent on each job by department and individual clock number. Knowing where they stand, management can act *at once* to correct a profit-losing situation. Best of all, it's done without specialized personnel. Without restrictive procedures. And at remarkably low cost.

For a detailed report on Automatic Keysort Data Processing at Cadillac Gage, call your nearby Royal McBee Data Processing Representative, or write Royal McBee Corporation, Data Processing Division, Port Chester, New York for Case History 977.

ROYAL McBEE · *data processing division*

NEW CONCEPTS IN PRACTICAL OFFICE AUTOMATION

International Markets

ALEXANDER O. STANLEY

¶ *Should U.S. antitrust laws apply overseas as they do here? No, say plenty of business men—and it's time for a change.*

¶ *Textile producers bemoan mounting imports, while the steel and auto industries begin to mend their fences.*

¶ *World Bank interest rates break through the 6 per cent ceiling, but foreign sources now supply most of its funds.*

Needed: A New Look

U.S. antitrust laws, which apply to overseas segments of American business, are hampering the efforts of U.S. management to meet competition for world markets effectively. That is the opinion of Arthur H. Dean, distinguished New York lawyer and former State Department aide, who is a partner in the law firm of Sullivan & Cromwell. What is needed, Mr. Dean believes, is a more liberal application by U.S. courts of these laws as they apply to U.S. foreign investments. "The executive and legislative branches of our government call for private initiative in foreign investment," he points out. This policy "should guide our courts in considering whether and how our laws should apply to the activities of U.S. business abroad."

U.S. antitrust regulations have long been a headache to American management men overseas, who have had to watch business being snatched away by foreign competitors operating under freer ground rules. They've also been, to some extent, a source of irritation to foreign governments with whose commercial codes they may be in conflict, real or implied. Certainly overhaul of the antitrust attitude by court interpretation or Congressional revision would do much to brush away management's confusion about the proper conduct of operations overseas.

France Takes the First Step

France, high-tariff partner in the European economic community, has sliced duties on some 3,000 of 3,200 trade items, in accordance with the six-nation combine's recent resolution on external tariffs. In this prelude to common market tariff equalization, 15 per cent of the remaining items will be increased and the balance stabilized. Tariff adjustments will take place in stages, starting with a 30 per cent increase or decrease on items presently out of alignment with the common market schedules.

Left dangling are adjustments on some 200 items, including oil—which has lately taken on increased importance for France. All this may mean good news for U.S. exporters if the EEC acts favorably at its forthcoming meeting on the proposal to extend reduced tariffs to countries in the GATT—including the United States.

The Import/Export Seesaw

Against a backdrop of climbing U.S. imports—which last year, at $15.3 billion, broke all records, reaching an unprecedented $1.4 billion for December—demands for reexamination of the Reciprocal Trade Agreements Act are growing. Speaking for the textile industry before the Society for the Advancement of Management, Harry L. Dalton, vice chairman of American Viscose Corp. said that, during the past 25 years the textile industry has suffered double damage, with its exports shrinking and imports expanding alarmingly. Mr. Dalton cited the growth of rayon staple imports, which jumped 40 per cent from 1958 levels to a volume of 115 million pounds, the output equivalent of two average U.S. plants, accounting for 25 per cent of the U.S. market. Reasons:

- wage rates here ten times those in Japan and four times those in Europe
- a 75 per cent reduction in U.S. tariff rates over 25 years, to the lowest level of any major industrial nation.

As for the outlook, Mr. Dalton predicted that because of lower per capita consumption and a prospective 350 per cent climb in imports, by 1970 the U.S. textile market would have increased by only 15 per cent, in contrast to the expected 25 per cent population growth.

In analyzing the trials and tribulations of the textile industry, Assistant Secretary of Commerce Henry Kearns takes the view that actually the industry's position was the result, not of import competition, but of consumer spending vagaries, over-capacity, and non-textile and other fiber competition. Mr. Kearns looks elsewhere for the textile industry's key to survival. "Two billion under-clothed potential customers in the world offer the long-range solution," he said.

Turning to steel, that industry's fever chart now shows some recovery from the import plague. In 1959, steel imports reached a new high of 4.4 million tons, compared with 1.7 mil-

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Fully automatic and free from salaries and franchise fees, LAUNDERAMAS have a low operating cost that permits you to offer your customers a 40% to 60% saving on their laundry needs—a fact that makes LAUNDERAMAS quick to win community acceptance in all areas and has given them a record of high profit earnings that extends back over many years.

Self-amortizing and conducive to chain operation, LAUNDERAMAS feature the best equipment available and at the lowest financing terms in the industry—as low as 10% down with the balance financed at 6%, over a three year period.

A member of our national organization of independent associates is ready to offer you the benefit of his experience in this proven successful field and help you in developing your own coin-operated laundry store business.

For complete information and name of nearest office call or write

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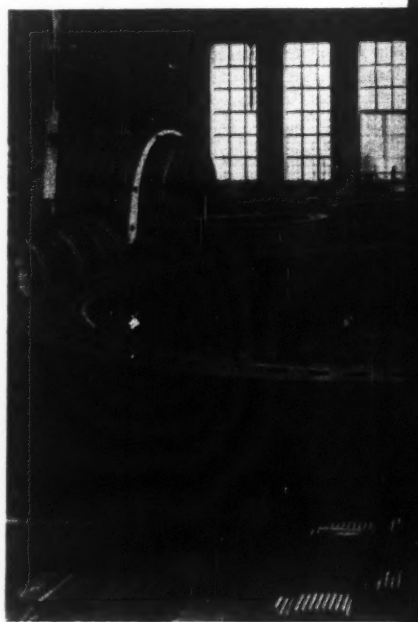
lion net tons in 1958. Meanwhile, steel exports totalled 1.5 million tons, a steep drop from the 2.6 million ton level of 1958. But the rise in imports, which took a sharp jump in December, actually reflected foreign steel deliveries ordered, in some cases, before the November 7 court order sent the striking steelworkers back to the mills. Moreover, on the basis of preliminary tabulations, authorities now say that orders for foreign steel declined in the first two months of 1960 and that January imports were lower than the December high.

And there is yet another encouraging fact—that our steel exports, reflecting the resumption of output, leaped from 61,000 tons in November to 113,000 tons the following month. The boom in automobile imports hasn't hurt Detroit's international balance sheet so much as export-import statistics might imply, according to a study made recently by the Business and Defense Services Administration of the U.S. Department of Commerce. Here are some of the significant findings of this analysis:

- One of every four cars with foreign labels imported in the first six months of 1959 was produced by an overseas subsidiary of a U.S. auto maker.
- Enlarged U.S. production facilities overseas and increased exports of parts and components for assembly



COMPETITION: *This giant generator housing, being assembled in the AEG works, Berlin, symbolizes the*

abroad, coupled with lower labor costs in foreign countries, added up to increased overseas business for U.S. car manufacturers.

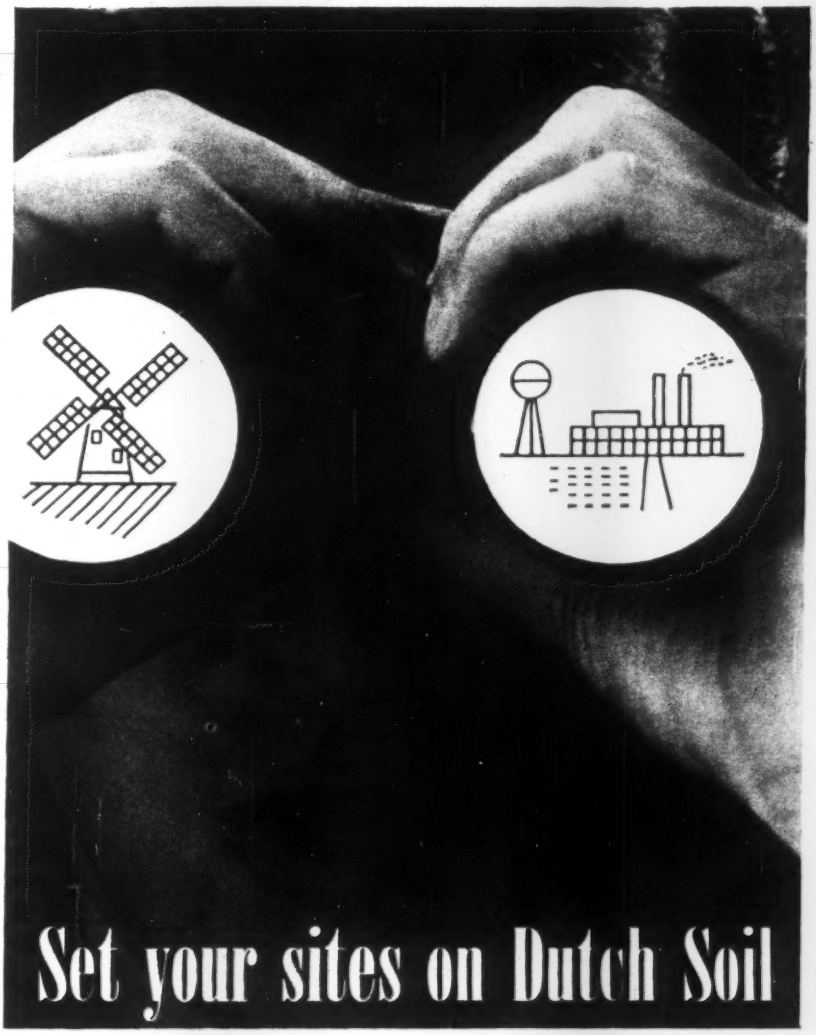
- Though the dollar value of finished automobiles exports was only $258 million in 1958, the actual dollar value of autos, parts, and components exports amounted to more than $1 billion.
- 1958 imports were valued at $487 million, but some of these dollars came back as earnings of U.S. automobile subsidiaries abroad.
- American cars made abroad for import here accounted for only 14 per cent of 1957 imports, grew to 26 per cent in 1958 and 28 per cent in the first six months of 1959. These included Ford's English Ford and Taunus, GM's Opel and Vauxhall, and Chrysler Corp.'s Simca.

Of course, Detroit's new compact cars may help it do still better on the export side of the international balance sheet.

Export Forecast: Overcast

The gloomy outlook for U.S. exports showed signs of brightening in the first month of 1960, when commercial exports rose 12 per cent over the level of January 1959. But Government circles are not too happy about the rate of the trend. First quarter

vitality of European industry, with which U.S. business must now compete throughout the world.



Set your sites on Dutch Soil

as bridgehead to European Market Sales

More than 150 leading American firms selected Holland for their European plant site. In doing so, they took strategic advantage of the country's unique geographical location linking the Atlantic shipping lanes with Europe's transportation complex... the remarkably peaceful and efficient labor market... the special physical and financial facilities available to industrial investors through the government ...the tariff advantages to resident industries in Common Market countries... transfer of profits... and the compatible life for management in pleasant surroundings.

If you are scanning the booming European horizon for a profitable industrial location, remember site-seeking stopped in Holland for many of America's finest Blue Chip concerns. For details on who they are and why they chose Holland write:

Netherlands Industrial Institute

551 Fifth Ave., New York 17, N. Y.

1959 was the low point in slumping U.S. exports, with the annual rate projected at $15 billion. Based on January shipments, the 1960 annual rate estimate is $16.8 billion, just about the export pace set in the last half of 1959—leaving little room for comfort.

World Bank News

The World Bank recently made headlines on two fronts. It made news by granting a $42 million loan to Iran at 6¼ per cent, breaking through the 6 per cent ceiling on interest charges that had been in effect since May 1959.

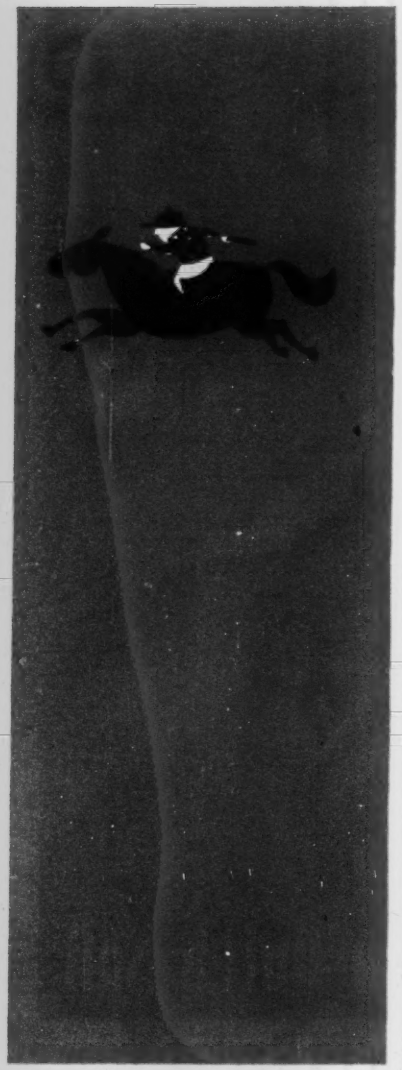
This represents a 13-year high, comparing with an initial rate of 4¼ per cent. To the underdeveloped countries of the world, which come to the World Bank for their development fund needs, this more costly money spells some additional dollar difficulties.

Some relief from tight international money is promised, however, by formal creation of the International Development Association (see DUN'S REVIEW, December 1959), whose charter is now up for ratification. As proposed, IDA will be an adjunct of the World Bank, authorized to make development loans collectible in soft currencies under easier terms than is possible under the World Bank charter. Better news is that the World Bank is now getting more of its funds from foreign sources instead of the United States.

Today the main sources of the Bank's working capital funds are foreign investors, public and private, who contribute the bulk of requirements in subscribed capital as well as loans. Significantly, the biggest single creditor of the World Bank is the Deutsche Bundesbank—West Germany's central bank.

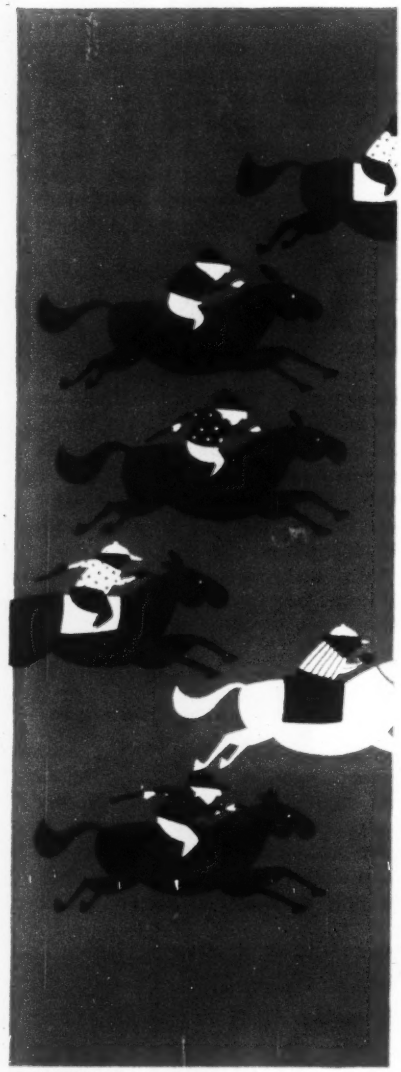
Latest Thing in Imports

It won't be long before the busy American executive is importing British secretaries, if Mrs. Vera Sugg, head of Graydon Bureau, a prominent London employment agency, has her way. The English secretary, executive type, may soon grace the inner sanctums and board rooms of the U.S. executive suite, certainly adding a new dimension to international trade and relations. END



ODDLY* ENOUGH,

not all companies in this country use our Phenolite® Laminated Plastics in their products.



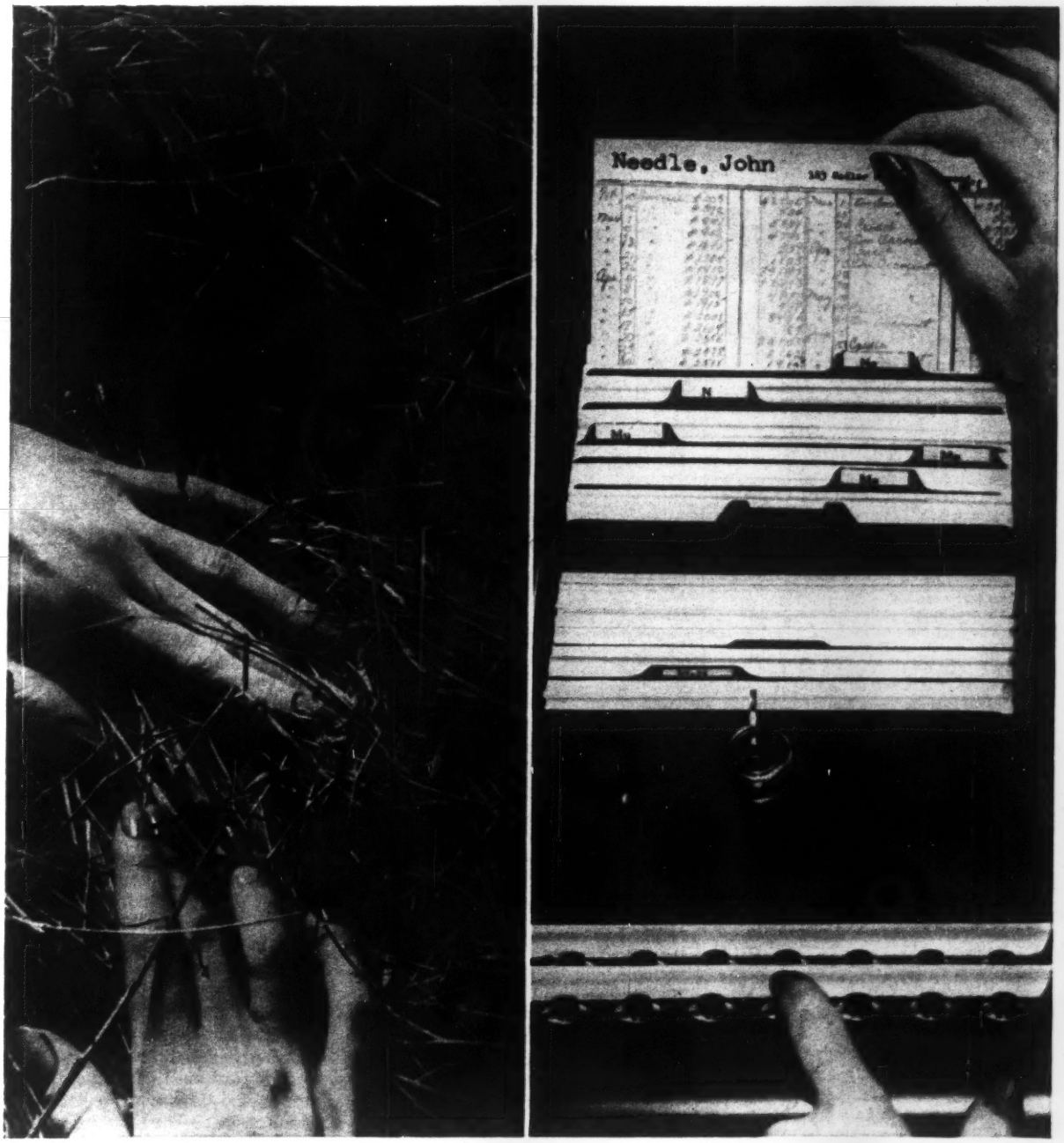
ONLY a few thousand progressive manufacturers who turn out appliances, airplanes, controls, computers, circuit breakers, clocks, lighting fixtures, missiles, motors, switchgear, transformers, typewriters . . . and other products that run with, or carry electricity.

The reason is: they get highest quality, broadest selection (over 80 grades), stocks for immediate shipment, standard forms or precision-fabricated parts.

The facts about Phenolite Laminated Plastics may brighten an electrical insulating problem for you. Write for them.

If you don't work with laminated plastics, ask about our Kennett Materials Handling Receptacles, Lestershire Bobbins, National Vulcanized Fibre or Parsons Fine Papers . . . more products made better by National Research.

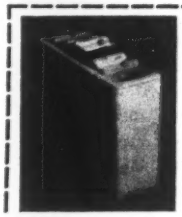
NATIONAL VULCANIZED FIBRE CO.
WILMINGTON 99, DELAWARE
In Canada:
NATIONAL FIBRE COMPANY OF CANADA, LTD., Toronto 3, Ontario



How to find a Needle ... in a Revo-File!

. . . just touch the button marked "N," and *lift* his card out. That's correct, it takes an average of 1½ seconds for Revo-File's wheel to spin into position. Revo-File is *entirely* different from old-style tray or rotary files in capacity, mobility, ease of finding and filing. Get *all* the facts. Use coupon today!

REVO-FILE SYSTEMS DIVISION, THE MOSLER SAFE CO.



Dept. DR-460, Revo-File Division,
The Mosler Safe Co.,
320 Fifth Ave., New York 1, N. Y.

Send me information on MOSLER REVO-FILE

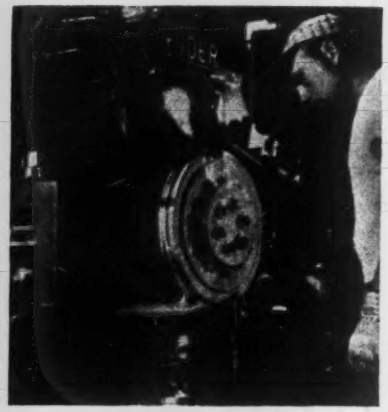
NAME_____

TITLE_____

COMPANY_____

ADDRESS_____

CITY_____ STATE_____



Yoder Tube Mills speed tailpipe production at AP Parts Corporation

The AP Parts Corporation (Toledo, Ohio), world's largest producer of replacement mufflers and tailpipes, uses 2 YODER Tube Mills to produce more than 300 ft. of 1¾", 1⅞" and 2" tubing per minute.

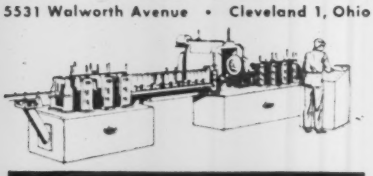
According to Mr. John Grindle, Plant Engineer, the two-man operated YODER Mills are vital to the production of the entire plant. "YODER Tube Mills earn their keep daily. They are easy to set up, maintain and operate ... the welds are clean and uniform. We depend on them for constant quality, high production and minimum downtime".

The YODER Tube Mills at AP Parts exemplify the production economies and dependability of all YODER-built equipment, whether it be Pipe and Tube Mills, Cold Roll-Forming Machinery or Slitting Equipment.

If your products require ferrous or non-ferrous pipe or tubing, from ¼" to 26" diameters, there is a YODER Mill designed to produce it economically, accurately and efficiently.

For complete information on YODER Pipe or Tube Mills ... write for the fully illustrated, 88 page YODER Tube Mill Book ... it is yours for the asking.

THE YODER COMPANY
5531 Walworth Avenue • Cleveland 1, Ohio



YODER PIPE AND TUBE MILLS (ferrous or non ferrous)

Focus on Finance

GERALD M. LOEB

» *Merger fever continues to spread, as companies seek to enhance their power, prestige, and ability to compete.*

» *Two can live cheaper than one only if the corporate marriage is consummated for sound financial and business reasons.*

» *To reach a mass audience, companies are printing their annual reports in newspaper ads.*

THE owner of a small New England company had spent the better part of a lifetime building a company with a single profitable consumer product. He was reaching retirement age, but he had a strong second echelon. Nevertheless, efforts to introduce new products and to expand the use of his profitable leading product had been fruitless. Handicaps of size, location, and lack of influence were simply too much. His stock was privately held and had no market.

Meanwhile, out in the Midwest, another consumer goods company was growing rapidly. It had a top-flight man at the head but lacked strong management in depth. Plant capacity was sufficient to handle more business, location was central, and although it was still relatively small compared to some of the giants in the field, the company's influence was strong and growing. Shares were traded over the counter with growth leading to a possible New York Stock Exchange listing in its future.

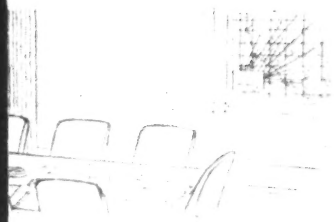
The New England pioneer, who had spent a lifetime making his first million dollars, reluctantly exchanged his stock for the Midwest company's publicly held issue—and woke up to find he had made his second million during his first year of retirement.

The merger deal was carefully planned, and the possible gain from consolidation was split between seller and buyer. Two factors worked to improve the situation more rapidly than had been anticipated: the growth rate of the acquiring company and the gains from consolidation had both been underestimated. The advertising techniques of the surviving company when applied to the products of its new subsidiary boosted the latter's sales by 50 per cent. The top-flight Midwesterner got his management in depth and was able to take his first vacation in years.

Here was the type of situation that has spurred mergers and acquisitions for as far back as the record goes. Other situations, developed and attuned to the changing problems of the times, have occurred with each wave of merger popularity.

Around the turn of the century, we saw the formation of trusts and monopolies in tobacco, sugar, steel, and oil. The fashion for mergers has had its ups and downs in the intervening half century. The current wave of merger popularity began in 1949 and has been gaining momentum ever since. The question of whether to acquire or be acquired has confronted almost every corporate management in the country at one time or another.

Perhaps the best reason for a merger is survival. Problems in this respect can take several forms. Efficiency today is closely linked to size. Many marginal companies have felt that they cannot compete effectively without more volume.



In addition to sheer volume, management is increasingly forced in the direction of vertical integration. The company which controls its business from the raw materials to the final consumer is generally in a better position than one functioning only in a single phase. The paper company needs forests; the gasoline distributor needs production and reserves; the oil producer needs outlets.

There are many other causes of mergers: economic, industrial, financial, and occasionally, frivolous.

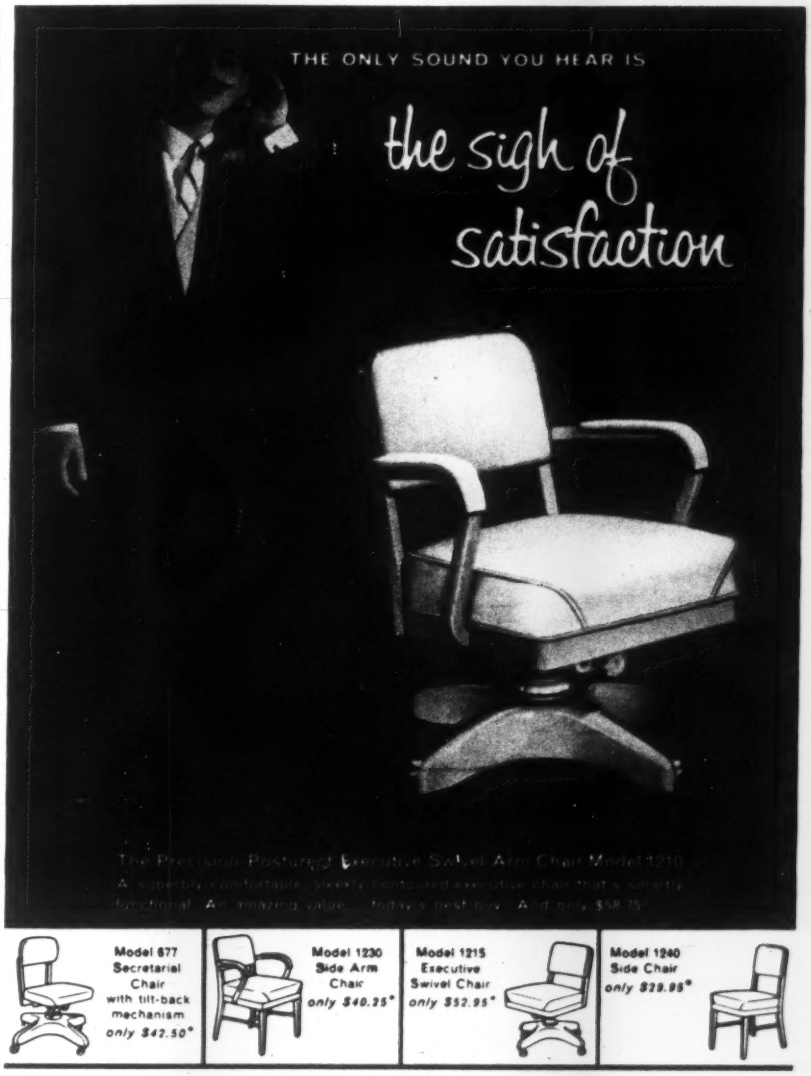
Many mergers have been consummated for the sake of diversification. The effort here has been to match industries influenced by divergent economic factors. Companies have felt, for example, that they were too heavily dependent on Government contracts and have sought to merge with others doing a basically civilian business.

Companies with a highly seasonal business have sought through mergers to iron out the peaks and valleys. This is the old "coal and ice" idea of which a more modern version is selling TV sets and radios in the winter and refrigerators in the summer.

Prime motive: Survival

On a recent trip to California, home of hundreds of rapidly growing, scientifically oriented growth companies, it became obvious to me that a civilian business was almost a universal aim of management. Said an Oakland manufacturing company president: "Of our entire business, 90 per cent comes from the Government. Cutbacks could put us in a serious position in a matter of months. We would like to increase our capital, partly to allow us to weather any such eventuality and partly to expand our civilian business to 50 per cent of our total."

Today, also, companies in a stagnant, dying, or liquidating industry have been putting their assets to work in growing lines rather than gradually retiring from business. The motion picture industry is a good example.



Model 677 Secretarial Chair with tilt-back mechanism only $42.50*

Model 1230 Side Arm Chair only $40.25*

Model 1215 Executive Swivel Chair only $52.95*

Model 1240 Side Chair only $29.95*

FREE 10-DAY NO OBLIGATION TRIAL *in your office of the chair that gives quality a new meaning*

So superior are Precision-Posturect Chairs to all others, they protect you with an amazing 10-year guarantee on all metal construction! This is your assurance of quality and value. For when you price them—chair for chair—you'll wonder why someone didn't tell you about Precision-Posturect before. Smartly styled in fabrics and finishes to fit any office, institution or industrial application. Sold only by better office equipment dealers! Mail coupon today for free, 10-day, no obligation trial.

(*Zone 1 prices in vinyl, slightly higher in other areas.)

Precision-Posturect *Chairs*

new free book—yours for the asking

Mail coupon now for complete details on increased efficiency resulting from quality seating—Precision-Posturect. It's yours free!

PRECISION-POSTURECT CHAIR CORPORATION
3100 West Carroll Avenue • Chicago 12, Illinois

ATTACH COUPON TO COMPANY LETTERHEAD

PRECISION-POSTURECT CHAIR CORP.
Dept. DR-40, 3100 W. Carroll Ave., Chicago 12, Ill.

Gentlemen:

☐ Please arrange for a free 10-day trial in our offices of model _____

☐ Please send me the new free book.

NAME _____

TITLE _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE ____ STATE _____

Beneficial Reports for 1959

Beneficial Finance SYSTEM

- **Service to families reaches record high**
- **Earnings increased for 15th consecutive year**
- **Offices in Beneficial System exceed 1200**

Nineteen fifty-nine was a banner year for Beneficial. With volume of loans amounting to $773,877,411, more families were served than ever before. Earnings totaled $23,445,385, a new high mark and continued the record of successive annual increases for the 15-year span since the end of World War II. Sixty-eight offices were added and with 1210 offices at the year-end Beneficial maintained its position as the world's largest system of finance offices. Service was extended to London, England.

The Beneficial Finance System—dating back to 1914—makes small loans mainly to families to help them in a practical way during periods of unbalanced budgets.

. . . a BENEFICIAL loan is for a beneficial purpose.

HIGHLIGHTS	1959	1958
Net Income	$ 23,445,385	$ 21,731,164
*Net Income per Common Share	$2.21	$2.02
*Cash Dividends per Common Share	$1.00	$1.00
Total Assets	$565,596,495	$521,551,077
**Amount of Loans Made	$773,877,411	$712,861,626
Number of Offices	1,210	1,142
Instalment Notes Receivable (after deducting Unearned Discount)	$554,371,946	$509,642,263

*Net income per Common Share is adjusted for each year to give effect to 2½% stock dividend paid January 30, 1960. Cash dividends per Common Share for each year are not so adjusted.

**Principal only (unearned discount approximating $61,000,000 and $40,000,000, respectively, has been excluded).

The information contained herein should be read in conjunction with the financial statements and notes appearing in the 1959 Annual Report to Stockholders. A COPY OF THE REPORT WILL BE FURNISHED UPON REQUEST.

Beneficial Finance Co.

Beneficial Building, Wilmington, Delaware

MORE THAN 1,200 OFFICES IN THE UNITED STATES, CANADA AND ENGLAND

Sometimes this has been done by merger, often by acquisition, occasionally by calling in experts in other fields to develop latent resources. Twentieth Century-Fox has gone into oil, real estate, and phonograph records. Stanley Warner has diversified into rubber girdles, baby pants, and pharmaceuticals. The big Paramount organization has been guided by its management into pay-as-you-see television, magnetic memory cores for computers, and color TV tubes. And American Broadcasting-Paramount, primarily concerned with TV, radio, and theaters, has branched out into Disneyland, microwave electronics, records, and farm publications.

Taxes play a part

Many mergers have come about because of the tax situation. This has led to a variety of combinations for a number of reasons, the most publicized being what is known as the "tax loss carryover." Here, an unsuccessful company creates some residual trading values for its stock because it can offer past losses as an offset for tax purposes against the future earnings of a profitable enterprise.

However, utilization of tax loss carryback and carryforward has been restricted by the Treasury Department, particularly since 1954. No longer can a profitable company simply buy an unprofitable company and use the tax credit. Today, the rules are much more strict and generally must be gone over with tax counsel. Broadly speaking, the acquiring company must keep a tax loss company alive in its own field of business for at least five years.

There have, of course, been mergers where power, prestige, or personal profit has been the motive. Most of these combinations, however, have been of the skyrocket variety—that is, market quotations for the companies involved have zoomed at the start, only to go to new lows as the hard realities became apparent. The decline of Fairbanks-Whitney (formerly Penn-Texas) from a 1954 high of 22⅞ to a 1957 low of 2⅞ is perhaps sufficient comment on this kind of merger.

Nowadays, the first place to look when contemplating a merger is Washington. The Government is moving both to break up and prevent "bigness, monopoly, and dominance." These are flexible phrases. They make

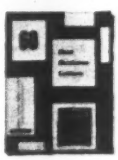
It used to play music . . . now it writes your letters!

Auto-typist record "memory" roll operates the typewriter to write personalized letters . . . by automation!

Remember the player piano and how it played music as if by magic? It was the *roll* with its perforations that played the notes. Similarly, Auto-typist's paper record "memory" roll... heart of the Auto-typist . . . "plays" the keys on the typewriter to write your letters . . . automatically and accurately! Auto-typist eliminates routine typing and dictation, and is the answer to any volume repetitive correspondence problem.

Auto-typist can be used with any standard model typewriter, and one person can produce 100 to 125 letters a day. . . 3 to 4 times normal manual typing output! And, it's so simple . . . precomposed numbered letters or paragraphs are perforated on the paper record memory roll, which will store up to 250 lines of copy. Letters or paragraphs are numbered to correspond to push-buttons, then Auto-typist automatically picks them out and types them perfectly! Manual insertions can be made at any time. See how Auto-typist can save you money!

Send coupon for new second edition of free booklet, "60 Best Business Letters."



American Automatic Typewriter Co.
Dept. 44
2323 N. Pulaski Road, Chicago 39, Illinois
Gentlemen:
Please send me full information about Auto-typist and free booklet, "60 Best Business Letters."

Name _____

Company and Title _____

Address _____

City _____ Zone _____ State _____

AMERICAN AUTOMATIC TYPEWRITER COMPANY • 2323 NORTH PULASKI ROAD • CHICAGO 39, ILLINOIS
MANUFACTURERS OF AUTO-TYPIST, COPY-TYPIST AND CABLE-TYPIST

RANSBURG

What Would Paint Savings Like This* Mean in YOUR Finishing Department?

Quality is all important in the production of fine Metalcraft furniture by George Koch Sons, Inc., Evansville, Indiana.

That's why they use the Ransburg Electrostatic Hand Gun to apply a uniform clear coating on their brass-plated furniture. The protective coating is baked on. Although the bulk of their present production is in the popular brass line, they still paint the metal furniture in a variety of colors with the Hand Gun.

Painting is CLEANER ... QUICKER ... CHEAPER *with the Ransburg Electrostatic Hand Gun.*

These chairs and table are typical of the Koch line of metal furniture.

*10 GALLONS OF PAINT NOW DOES THE JOB WHICH FORMERLY TOOK 30 GALLONS

On one item—a TV table—they formerly used 30 gallons of enamel to coat 1000 units by combination dip and air spray method. Now—with the Ransburg Electrostatic Hand Gun, they paint 1000 tables with only 10 gallons. And, they get a better, more uniform coating, too.

NO REASON WHY YOU CAN'T DO IT, TOO!

See how the Electrostatic Hand Gun can save time . . . paint . . . and cut costs in YOUR finishing department. Or, if your production justifies, it'll pay you to investigate Ransburg's automatic electrostatic spray painting equipment. Write for our No. 2 Process brochures which show numerous examples of modern production painting in both large and small plants.

RANSBURG

RANSBURG
Electro-Coating Corp.
Box-23122, Indianapolis 23, Indiana

the headlines in cases like the proposed Bethlehem-Youngstown merger and the efforts to divorce General Motors and Du Pont. They are obstructive in hundreds, if not thousands, of unpublicized potential mergers that never see the light of day.

Don't dilute!

From the standpoint of the acquiring management, the aim, of course, is to increase earnings per share for its own stockholders. This means careful guarding against dilution. The company being acquired through merger naturally wants to benefit its stockholders as well, but it usually is in a less favorable bargaining position. For tax reasons and for practical reasons, exchanges are far more common than outright cash purchases. Hence, it is more important to look at the future of the stock to be received in exchange than to put undue weight on the apparent current price. An outstanding example was the absorption of Monroe Calculating by Litton Industries. Litton gave Monroe far less current earning power per share than it received. President "Tex" Thornton did what at the time seemed almost impossible: He convinced Monroe stockholders that the future of Litton was more important than the present of Monroe. What is more, time has proved him right. Litton stock, which sold at the time of the merger at about $40, rose to a high of over $150 in 1959.

In general, it has been found to be cheaper to expand by the merger route than to build. In the Bethlehem-Youngstown case, it was brought out that steel ingot capacity could be acquired by merger for $135 a ton, as against $300 for new construction.

The matter of terms is a serious one. More can be gleaned from a study of the proxy statements issued in connection with mergers than in any other way. These are all, of necessity, completely documented. In practically all cases, no two companies will match up exactly. One will have a strong balance sheet advantage over the other but perhaps compare unfavorably on earnings. Records of past market prices will always be given but will rarely be the last word in calculating exchange ratios. Intangibles, such as differences in management and potential savings, can rarely be assessed in print. A study of these statements will show a balancing and weighting of various fac-

tors, which eventually should lead to a mutually beneficial arrangement.

The importance of marketability

One final aspect of corporate mergers which needs careful consideration is the importance of marketability and market value. For example, owners of privately held companies naturally look forward to the time when they can retire with a marketable and bankable security. They may be reluctant to put their affairs in other people's hands until health or age or a potential inheritance tax situation becomes an overriding factor. Often, the combination of a younger and more aggressive management and larger resources works much more to the advantage of the original owners than they had ever dreamed.

There are ways in which market prices play an important part in mergers. If a growing company's shares are underpriced in the market, it either costs the company more to acquire other companies by the exchange route or it is forced to pay cash. This can be costly, and, for tax reasons, undesirable to the seller.

On the other hand, a successful merger means a more successful company, and this, in turn, should mean a higher market rating for the expanded corporation. This is a sound and legitimate aim. But unfortunately, here and there, small and unimportant acquisitions in fields that supposedly have glamor will be made almost solely for the purpose of tampering with market values.

The illegitimate merger, however, is an exception rather than the rule. And, in spite of antitrust suits and tough tax regulations, mergers will continue to be a prime consideration of corporate management.

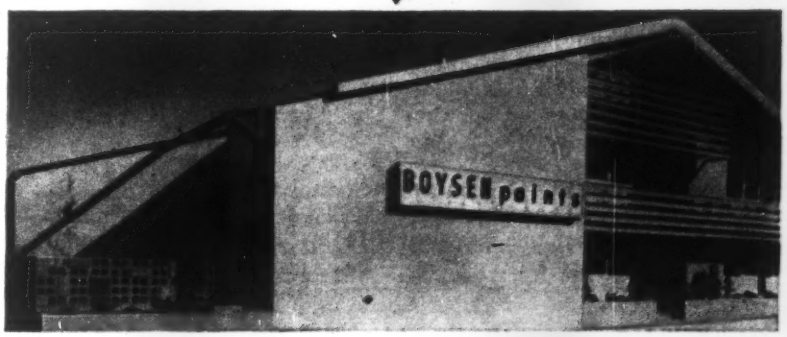
More on Annual Reports

The preparation of an elaborate annual report takes not only money but long hours and a creative mind. More and more companies are realizing that their annual reports are of interest not only to shareholders but also to employees, security analysts, brokerage houses, banks, and many others.

In 1957, Chas. Pfizer & Company first ran its annual report as an advertisement in three of the nation's leading dailies. About 3.5 million readers had access to the Pfizer story.

The problem of reaching a desirable audience with up-to-the-minute

You get steel and style in low-cost Armco Buildings



Here's what makes them your best building buy:

• Attractive • Low cost • Last a lifetime • Made of zinc-coated or aluminum-coated steel • Nothing to burn • Unlimited widths and lengths • Practically no maintenance • Quickly assembled —no waste of time or materials • Interiors easily insulated or finished with standard materials • Smooth outside walls and trim lines take any kind of architectural treatment • They're weathertight — easy to heat or cool

Send Coupon for complete information

New steels are born at Armco

ARMCO DRAINAGE & METAL PRODUCTS, INC.
6470 Curtis Street, Middletown, Ohio

Send me complete information on Armco Steel Buildings for the following uses:_____

Name_____ Title_____

Company_____

Address_____

City_____ Zone_____ State_____

ARMCO DRAINAGE & METAL PRODUCTS

Subsidiary of ARMCO STEEL CORPORATION

OTHER SUBSIDIARIES AND DIVISIONS: Armco Division • Sheffield Division The National Supply Company • The Armco International Corporation Union Wire Rope Corporation

information has been met by Genesco, formerly the General Shoe Corp. By careful planning, Genesco had its annual report in the hands of its stockholders three days after the figures were available. The report also appeared as an advertisement in a leading business and financial daily.

The Genesco annual report, the first to be distributed so widely and with such speed, has opened up interesting possibilities which will no doubt be fully exploited as they come to be better understood.

TV Stockholder Meetings

Where to hold the annual stockholders' meeting has been a thorny question for many corporations. Their main offices or states of incorporation may be far from the center of their shareowner population. Vocal minority groups seeking issues to bring into the limelight have pounced upon the meeting place controversy with great zeal.

Actually, other things being equal, the best place for a stockholder meeting is the city where the principal market for a company exists, its largest group of owners resides, or its management works. Often this is New York City, but for many of the growing companies, it is the center of the region where they begin operations. Whatever the locale, it should be accessible to the maximum number of stockholders or their representatives, such as analysts from brokerage firms, banks, investment counsellors, and institutions.

To satisfy all these requirements, more and more companies are holding their stockholder meetings in several locations simultaneously and carrying the proceedings over closed-circuit television.

The idea was developed by American Machine & Foundry in April 1957, when its stockholder meetings in New York City and Chicago were "hooked up" on closed-circuit TV (see DUN'S REVIEW, August 1957). Recently, General Mills expanded on this idea and linked seven cities in the first stockholders' meeting televised coast-to-coast.

This was a logical progression for General Mills, which originated the regional stockholders' meeting in 1939. This system meant that a top man, usually with an executive retinue, had to be at each of eight regional meetings, and the time away from the company had to be measured in relation to the value of the meeting. Realizing the importance of direct contact with the largest number of owners at the lowest relative cost, General Mills has found that closed-circuit TV is the best solution to this problem.

Approximately 4,000 of 14,600 owners participated in the General Mills telecast. This is an impressive figure for a non-controversial meeting. No technical difficulties occurred, no embarrassing questions had to be cut off the air, and everybody rated the seven-city hook-up an outstanding success.

General Mills took the audience on a TV tour of the Betty Crocker kitchens. When a huge cake was brought out by Betty Crocker in Minneapolis, a similar cake was offered the guests in each of the TV cities. The cordial and personal atmosphere of the old-fashioned face-to-face meeting was thus preserved.

The closed-circuit TV technique seems certain to spread as more companies realize the need for closer understanding between management and stockholder. END

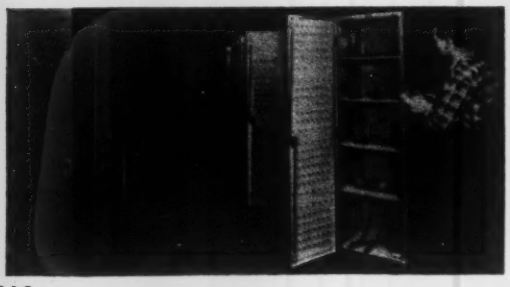
B & P Precision Cabinets and Consoles for Missile System Ground Support Equipment

Cabinets and consoles for electronic and fire control equipment are important elements of ground support equipment in every missile and radar system.

For many years B & P has made cabinets for Nike and other missile systems. These precision cabinets, of magnesium or aluminum, are made as arc-welded assemblies. Special techniques have been developed to prevent distortion during welding. Every cabinet is stress-relieved after welding.

Of the thousands of cabinets and consoles built by B & P, all have been held to close dimensional precision.

When you need lightweight electronic cabinets and consoles, think first of B & P, the most experienced builder of precision light metal electronic ground support equipment cabinets. For more complete details, write to B & P, Detroit.



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BROOKS & PERKINS, INC.
1970 W. Fort Street • Detroit 16, Michigan
Offices in Washington and New York

smart truck users choose NationaLease

the PREFERRED way to lease trucks

because it's national in experience and service ...local in costs and controls

NationaLease supplies everything but the driver at flexible, local-level costs. On-the-spot management provides highest efficiency; full-service, one-invoice truckleasing—the LEASE-FOR-PROFIT way.

NationaLease service doesn't add to your cost ... it saves. Saves the capital and management time you now spend on trucks so you can put yourself—and your money—back into your own business.

LEASE... for Profit

Forget trucks! Whether you lease a single truck or a fleet your local **NationaLease** firm will take them over and relieve you of all concern with capital tie-up, procurement of properly engineered equipment, garaging, paperwork, insurance, licensing, upkeep—and hundreds of invoices. Your driver operates the truck as if you owned it—and you have a single budgetable invoice. That's **NationaLease** full-service truckleasing!

For facts about full-service, "Lease-for-Profit" truckleasing—and the name of your local **NationaLease** firm, write:

Lease a new Chevrolet, or other fine truck, operate it as your own with no investment, no upkeep.

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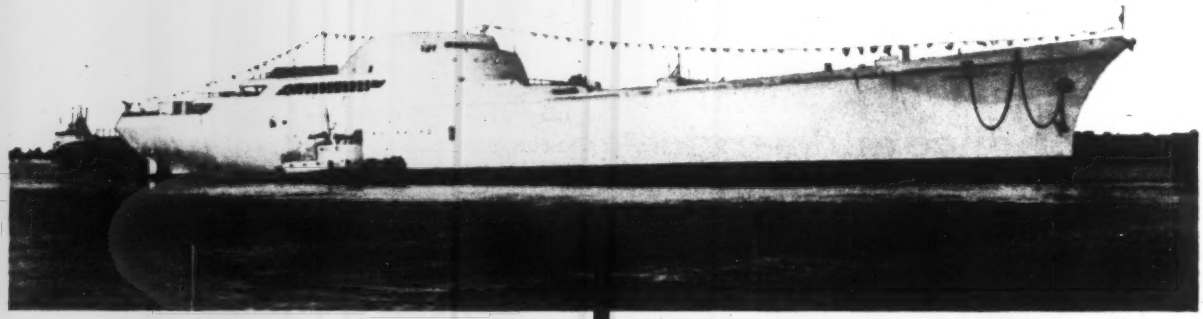

NS SAVANNAH, world's first nuclear merchant ship, is powered by a Babcock & Wilcox atomic reactor. Vessel may travel 350,000 miles without refueling. B&W also designs and builds nuclear power systems for electric utilities and nuclear fuel cores and test reactors, for use the world over.

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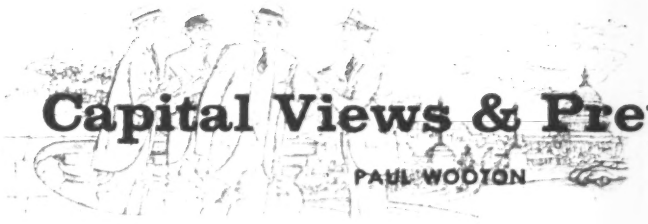


Capital Views & Previews

PAUL WOOTON

A new perspective on the current defense debate: The new Secretary of Defense speaks out on our national preparedness

Thomas S. Gates, Jr., Secretary of Defense

AIRCRAFT and taxpayers are two of the immediate concerns of Thomas Sovereign Gates, Jr., the new Secretary of Defense.

He is often asked if the manned aircraft will be supplanted by the missile. (Only where missiles can do the job better, is his reply.) But no one has yet suggested a replacement for the taxpayer and, in this era of soaring defense costs, Gates believes that the citizen is entitled to know what is happening to his money, why it must be spent, and whether it is being spent well.

New weapons are fantastically expensive, he points out, adding that programs now in the planning stage could raise defense expenditures two or three times over present levels.

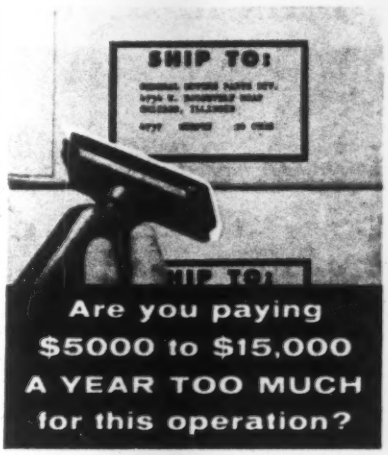
"We cannot shrink from the cost of the best weapons if we want peace, any more than we can shrink from the cost of modern antibiotics if we want health—but the industry that reduces its costs is the one that will survive. To the sound barrier, the heat barrier, the energy barrier, one more can be added. It is the cost barrier. The genius that overcame the other barriers now faces the problem of overcoming this one, too."

But the Secretary warns that time is short. He believes that there is a limit to the permissible amount of defense spending and, critics to the contrary, that we have just about reached that limit now. "We must not pass the point of diminishing returns," he cautions.

Long a partner in the Philadelphia firm of Drexel & Company, Gates served for nearly seven years as Under Secretary and later Secretary of the Navy and was named deputy to Defense Secretary Neil H. McElroy after the sudden death of Donald A. Quarles in May 1957. President Eisenhower named him to head the department on December 1, 1959.

How much is enough?

The new Cabinet officer describes our present military capabilities as adequate and strong. Overestimating our opponents' power, he warns, does not contribute to our security. He emphatically rejects statements by defense critics that budget-mindedness is sapping the United States of its strength. The "hue and cry," as he describes it, is well organized, and those who raise it have all the advantages of men who talk instead of act. "Can the critics," he asks, "do these complicated things better?"



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But although he declares there are no factual grounds for believing the USSR ahead of us in military power, Gates is no advocate of complacency. He does not believe us invulnerable nor does he think our way of life will survive on its own momentum. The lessons of history teach that the greatness of a country is no guarantee of its permanence.

Instead, we must regard our defense establishment and foreign aid program as "insurance policies." Both, the Secretary says, are vital to our security—and no matter how high the premiums may seem, they are moderate when we consider the value received. He adds that even today Department of Defense appropriations amount to less than 10 per cent of the gross national product.

Gates emphasizes that we can no longer think in terms of our own national defense. We have adopted the principle of collective security and now must consider the total defense capabilities of our allies as well. He sees the threat to the security of the free world as one that cannot be resisted by military power alone. Political, economic, and psychological threats must also be countered.

Free world ahead

The Secretary believes that "we must never let down our guard until the evil of Communist influence cracks and shatters." He does, however, think that we have made distinct progress in the struggle with Communism.

By any measure of economic strength, he thinks, the United States is far ahead of the Soviet Union, and he is explicit in his faith that a free enterprise system is inherently more productive and efficient than one planned and controlled by the government.

As Gates sees it, Soviet strategy is to divide and conquer. If, in peace or war, free world unity can be destroyed, the way will be open for the USSR to conquer the world piecemeal.

Already—and for many years past—we have had to fight continuous encroachment on various political and economic fronts. We cannot, he warns, assume that negotiations will lead to agreements that will ease our defense problems. Our military program must be an integrated part of national policy. Because of the Russians' might and their demonstrated

disregard for liberty, we must see to it that our military strength remains second to none.

We need forces adequate to support our policies during the cold war, adequate to win decisively if a hot war comes, and adequate to deter any aggressor from starting a thermonuclear war. "This much we need," Gates says, "no more, no less."

He adds that "we must be careful that in this secular world, we do not become so preoccupied with materialistic things that we neglect our spiritual strength."

The Secretary maintains that "as a people and as a nation we have grown in strength and influence because we have always believed in certain moral principles. Basic to these has been an almost instinctive preference for the rule of law over the rule of force. We have always—and always will—oppose armed aggression in any form." But in addition to reaffirming these basic moral principles, we must also adapt ourselves to a new age, "to the dizzy acceleration of events." Despite our technical progress, much remains to be done—and it is difficult, Gates feels, for those outside the Department of Defense to realize how much attention must be given to research in this nuclear-missile age, when military success is increasingly dependent on science and engineering.

Don't discount the bomber

Admitting that the USSR is forging ahead in development of missile delivery systems, the Secretary nonetheless points out that manned bombers can still deliver greater loads with greater accuracy. Important as missiles are for America, they do not, he emphasizes, measure our total strength.

In World War II, Gates, then a naval officer, was decorated for extraordinary performance. He has picked the Seabees' motto to spur him now: "Can do—Will do—Did." The war, he notes, "changed everything on earth. From the smoke, wreckage, and death at Pearl Harbor, we forged the mightiest military machine in history. The ingenuity, the resources, and the energy of America created a great military power." The new Secretary of Defense is clearly confident that our power is undiminished today and that we are well equipped to meet the challenges of the future. END

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Ideas at Work

Getting Out the Vote

A good-citizenship drive along the lines of Aerojet-General's carefully worked-out campaign can get more employees to register and support the parties of their choice.

Plenty of companies are convinced that getting employees to register and contribute to parties of their choice, particularly in a Presidential election year, is both good citizenship and good sense. But no company wants to be accused of throwing its weight around in politics or infringing on employees' political freedom. Result: in most cases, management hasn't ventured to do much more than put up posters reminding workers of their civic duty.

But Aerojet-General Corp., a subsidiary of General Tire & Rubber Company, has demonstrated a vigorous and unusual approach to the problem—a Good Citizenship Campaign that registered 2,000 voters and got 11,000 workers to contribute $25,000 to party coffers in the 1958 election campaign. This year Aerojet plans a similar extended campaign on a still broader scale—about 25,000 employees will be involved.

Aerojet-General's management includes men who have been active in both political parties and believe that parties should not be dependent on a limited number of wealthy people for funds.

Many of the company's employees are new to California, and many—as in almost any corporation—have not been affiliated with any political party.

Before setting up the campaign, Aerojet-General tried out its idea with union leadership, candidates of both parties and national party chairmen. All concurred in approval, and the program got under way.

Republican and Democratic Good Citizenship Committees were formed at each plant. A memorandum distributed to all employees invited participation and gave the facts about contributions and registration.

Then it was up to the Committees. They sought out people in each department to serve as volunteer workers, solicit funds, and hand out to contributors stickers bearing the words "Good Citizen," to be fixed on plant badges.

Receipts and duplicates were made out showing the identity of the contributors and the parties involved. Originally, management had feared that employees might be disturbed by this procedure, which is required by law. But it was made plain that these records would not be retained and

Political participation

Less noise = more efficiency

Job-hopping new engineers

Recruiting by radio

that the company was completely indifferent to the political inclinations and contributions of individual employees.

The results largely dispelled management's doubts. Two thousand eligible voters registered, almost one out of every six employees. And 70 per cent of the employees made contributions averaging about $2.30 each, for a total of $25,000.

Although the Good Citizenship Committees handled the organizing and the contributions, employees credited the company with a worthwhile and public-spirited campaign.

President Dan A. Kimball says Aerojet-General is so convinced of the worth of a Good Citizenship Campaign that preliminary plans are already under way for a 1960 drive.

Search for Silence

Silence can be golden for the company that seeks it, report experts in human behavior and office productivity.

They point out that noise has a greater effect on the human nervous system than most people realize. It can make concentration more difficult, increase irritability, and generally impede the efficiency of the office worker or the executive.

But keeping noise under control can't be done at a single stroke. Office efficiency experts at Remington Rand Division of Sperry Rand Corp. suggest some useful points for management to check:

Hard floors and bare windows can magnify noise in the executive office. Rugs and draperies need not be expensive; they will quiet footsteps and other sounds.

The slam of a door can stop all thought processes. Perhaps the simplest and certainly among the most efficient noise-cutters are mechanical door-checkers.

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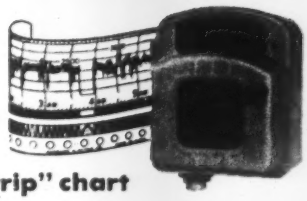

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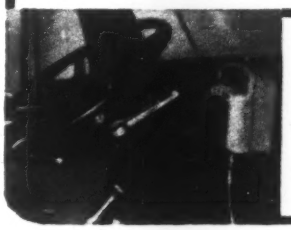

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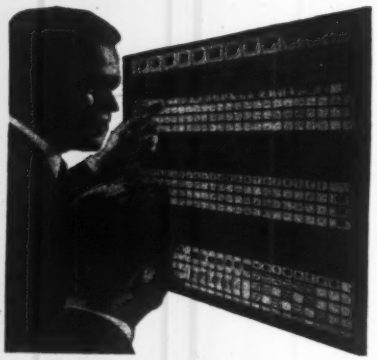

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Although the human voice can caress or command, it can also jar and annoy, and few noises wear on the nerves more quickly than shouting. When a written record will be helpful and time isn't pressing, a memo instead of an impromptu conference can cut the decibel count.

Telephone conversations should be kept private. Clip-on voice softeners permit talking into a telephone without disturbing other people in the area. Secretaries should turn the dial on the bottom of their telephones to make the ring as soft as possible.

People who work together should be seated close together. Putting next to one another people who must converse will save steps, cut down on long distance discussions, and reduce noise.

Typewriters should have fresh ribbons so no one needs to pound hard. Look to newer, noiseless models, and if any typewriter makes too much noise, call in the service man.

If noise from traffic or shop can't be reduced, ear plugs can be used as a last resort. Doctors usually recommend stoppers made of wax-impregnated cotton. They can be fitted to the ear, and if all else fails, they'll help give the quiet that means less irritation and more production.

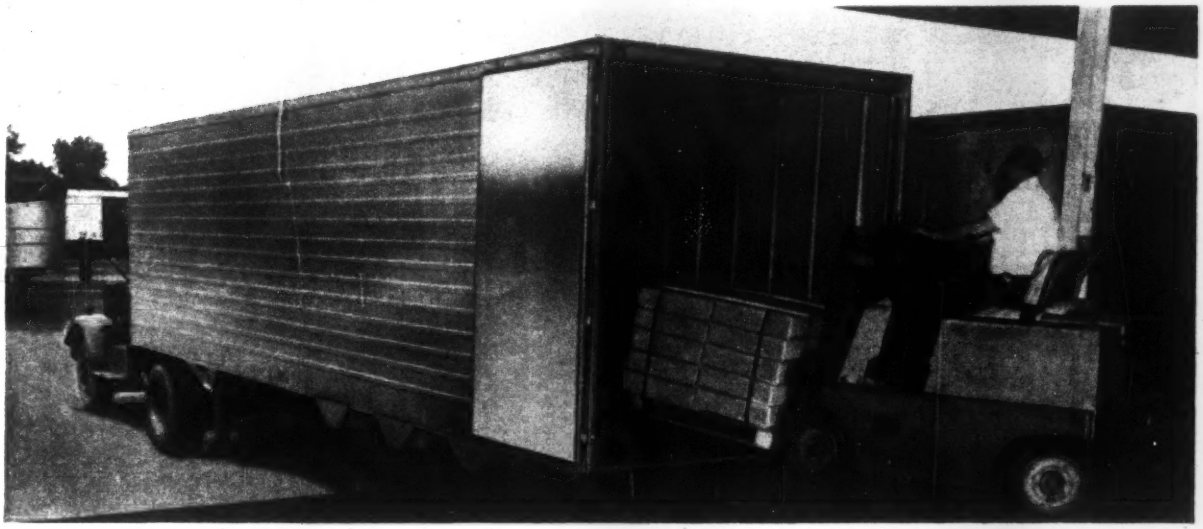
Internships for Engineers

A new kind of job-hopping program at the Boeing Airplane Company promises to make engineers more flexible, happier and—hopefully—more productive.

The program was set up in Seattle two years ago by George C. Martin, Boeing vice president. Already, 25 engineers have completed a two-year internship, and the program has worked so well that it will be doubled in size this year.

Newly graduated engineers are selected from among volunteers. No man is permitted to spend more than eight months on any one kind of engineering job. Every "intern" also spends two hours each month at lectures which explain the operation of various Boeing departments.

Boeing found that most men's level of performance didn't vary much from job to job. Almost every man wound up his internship by accepting a position in a group where he had worked. One man even passed up a job as lead engineer in another organization in order to work in a group that had impressed him.



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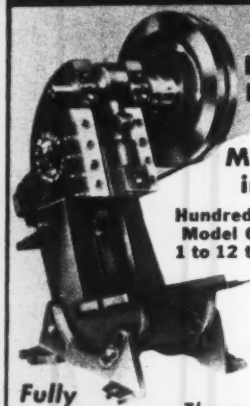

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The company's engineering development program committee—made up of four engineering unit chiefs and the technical personnel manager—lists among the program's advantages the fact that although it allows an engineer to be a specialist, it forces him to gain working experience in areas outside his specialty.

Because the intern-engineer chooses his own job after two years, the program almost guarantees satisfaction on the job. So far, the quit rate among inter-engineers has been zero—a record which, if sustained, could almost enable the program to pay for itself.

Although the intern-engineers are in training, the company expects and gets a full day's work for every day's pay. However, there is inevitably some loss in efficiency as the men learn new jobs, and there are other administrative costs.

One possible drawback, besides the cost of the program, is the fact that engineering supervisors hate to lose a man after training him for eight months.

However, Boeing's management is convinced that the program benefits both the employee and the company, although it will take years before the company fully reaches its goal of a flexible engineering workforce with a wide area of experience and interest.

Office Machine Waste

In nearly every office there are several unoccupied desks on which are kept two or three machines, none of which is used often enough to pay for maintenance. And usually, similar machines capable of meeting the needs of four to six clerks are located only a few paces away. One way companies have found to keep the work area uncluttered and save money on equipment is to put necessary but infrequently used machines on small castored tables which can be moved to any location as needed.

Recruiting on the Air Waves

Recruiting experienced engineers and technical men is a major problem for many companies, and American Bosch Arma Corp. has approached the problem in a novel way.

The company was seeking the hardest group of men to get—those with four to five years' experience. And its recruitment effort was centered in the metropolitan New York area, for the

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NET INCOME:		
Net income before interest and discount charges	$ 106 965 640	$ 90 980 103
Interest and discount charges	56 017 125	42 732 824
Net income from current operations, before taxes	$ 50 948 515	$ 48 247 279
United States and Canadian income taxes	23 087 649	21 444 888
Net income credited to earned surplus	$ 27 860 866	$ 26 802 391
Net income per share on common stock	$5 48	$5 29
Common shares outstanding at end of period	5 082 513	5 066 255
RESERVES:		
Reserve for losses on receivables	$ 21 907 729	$ 18 617 824
Unearned income on instalment receivables	106 995 879	79 137 245
Unearned premiums—Insurance Companies	33 673 708	27 954 932
Available for credit to future operations	$ 162 577 316	$ 125 710 001
Operations shown separately are; briefly:		
FINANCE COMPANIES:		
Gross Receivables acquired:		
Motor retail	$ 756 681 643	$ 553 129 161
Farm equipment, mobile homes and other retail	291 485 431	205 271 573
Loan receivables	216 384 173	154 641 630
Motor wholesale	1 315 331 558	904 515 368
Open accounts, leases, other wholesale notes, mortgages and factoring receivables	1 601 390 684	1 406 929 123
Total receivables acquired	$4 181 273 489	$3 224 486 855
Total receivables outstanding December 31	$1 720 834 360	$1 338 455 714
Net income of Finance Companies	$ 14 670 375	$ 16 257 950
INSURANCE COMPANIES:		
Written premiums, prior to reinsurance	$ 33 952 737	$ 27 727 167
Earned premiums	29 601 682	30 052 311
Net income (including Cavalier Life Insurance Co.)	9 763 635	7 906 844
MANUFACTURING COMPANIES:		
Net sales	$ 126 949 092	$ 133 233 066
Net income	3 426 856	2 637 597

COMMERCIAL CREDIT PLAN

Finance and insurance services are offered by our subsidiaries in more than 700 offices throughout the United States and Canada. Nationally known products are manufactured by our subsidiaries in ten plant locations.

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- Aluminum or Steel Curtain Wall (in bright metal or colors)
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- Long Span M-Deck (Cellular or Open Beam)
- Steel Roof Deck
- Acoustical and Troffer Forms
- Acoustical Metal Walls and Partitions
- Permanent Concrete Floor Forms

CONSTRUCTION SERVICES

- Structural Steel—Fabrication and Erection
- Steel Fabrication—Weldments

Write for descriptive literature. Also in Sweet's Files.

M A H O N

CASE IN POINT: The bright new plant of Screw and Bolt Corporation of America at Mt. Pleasant, Pa. Engineered and built by The Austin Company, Mahon Aluminum Curtain Walls are used throughout.

Arma Division Plant in Garden City, L. I.

Instead of conventional approaches, the company went on the air with a program geared to the kind of work it does and the men it was seeking, plus a brief recruiting message.

Starting in January, the radio program, "Today in the Space Age," broadcast taped interviews with top scientists for five minutes of early evening time, Monday through Friday, on a major local station.

The Arma Division says it's impossible to estimate just how many inquiries about jobs were caused directly by the program. However, despite the fact that other recruitment advertising was cut, there were many applicants and all the jobs were filled. And the program turned out to be excellent publicity to boot.

For the Employees

Many companies have a simple and effective way to build morale. They make products available for employees' use.

It doesn't take a lot of money, and the return can be great. Here's what a few concerns are doing:

- Outboard Marine Corp. loans motors to employees going on vacation.
- Cessna Aircraft Company sponsors an employee flying club.
- The Billiard Division, Brunswick-Balke-Collender Company, provides a recreation room equipped with company products.
- Raytheon Company equips its cafeterias with its electronic "Radaranges" for split-second reheating of food brought from home.

Bulletin Board Tips

Grouping different types of information on separate bulletin boards gives the messages a stronger impact and keeps the boards, located throughout the National Lead Company of Ohio plant at Fernald, from becoming an unsightly clutter.

All boards are glass-enclosed and consist of three or more panels. One panel is generally designed for departmental notices, one for general notices, and one for union notices. Other boards contain general information bulletins and posters calling attention to cost reduction, attitude improvement, and other campaigns. In addition, single-panel boards located throughout the plant carry security, health, and safety posters. —J.R.M.

[*Advertisement*]

IF you need to know how to feed your employees most pleasantly and in the long run economically, then remember this:

S. BLICKMAN, Inc., builds fine kitchens and cafeterias. Some may build them cheaper; no one builds them better. Blickman combines thoroughly old-fashioned standards of quality with thoroughly modern food service engineering and stainless steel fabrication. Thus Blickman kitchens and cafeterias achieve beauty, efficiency, and unheard-of durability.

WE have recently enlarged our custom kitchen facility, and can now accept two additional contract clients with installations to be completed by December, 1961 or sooner. S. Blickman, Inc., Gregory Ave., Weehawken, N. J.*

*You should at least have our current booklet

Your postmaster suggests:

For faster and more efficient postal service, learn the "ABC's" of good mailing habits.

A Postal delivery zone number helps speed your mail.

B Certain to include your return address on all letters and packages.

C That the delivery address is correct and complete.

MAIL EARLY IN THE DAY—IT'S THE BETTER WAY!

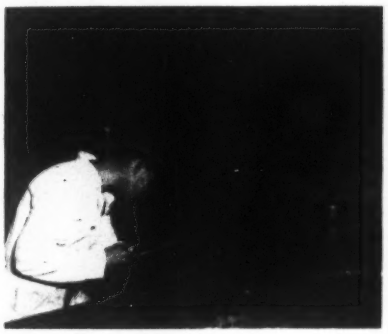
As the largest specialized nut manufacturer in the world, we are constantly developing new methods and products for this phase of assembly, in industry . . . In the field of locknuts we have made spectacular progress . . . besides standardized hexagon "Conelok", "Huglock" and "Marsden", sizes ¼"-3", we offer the same types in "12 Pointer," a nut designed for increased tool clearance . . . You will find in your engineering department a *12 page condensus catalog insert in Sweets Product Design file and in your purchasing department a *2 page color insert in Thomas Register . . . If you do not find the information that you want in this material, send for our comprehensive 144 page catalog . . . our sales and engineering departments are available to help you solve your fastener problems.

*Reprints are also available for your personal file.

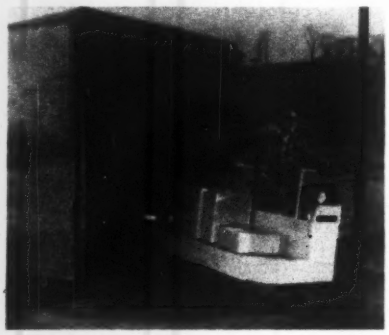
NATIONAL MACHINE PRODUCTS COMPANY
4425 Utica Road
UTICA, Michigan

New Product Parade

RUGGED: This two-piece, six-wheel-drive truck will climb over three-foot walls, mount 45° slopes, "swim" rivers, drive over marshes and rough terrain, and do 56 mph on the highway. Braking and steering on the six wheels is selective. The truck can be pivoted like a tracked vehicle. *"Flex-Trac," Clark Equipment Company, Buchanan, Mich.*

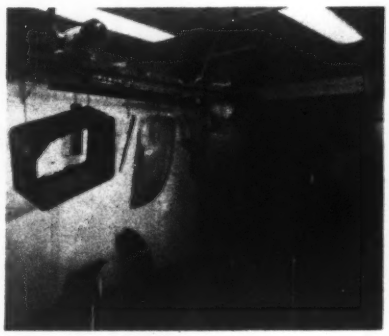


OXYGEN UNLIMITED: Low pressure oxygen can now be produced on the job in a continuous supply. Suitable for such tasks as welding and metal cutting, the new device filters the surrounding atmosphere, extracts oxygen, and delivers it at about 5 psi. The only control is a simple "on-off" switch. *"AerOxy-Gen," Aerojet-General Corp., Akron, Ohio.*



FLYWEIGHT: This platform truck is said to be the only one in the 1,000-pound class specifically designed for industrial use. The flat bed area measures 18 sq. ft., and long materials can be hauled on the open side deck. Additional seats can be attached to convert the truck into a personnel carrier. *"Model F-10," Prime-Mover Company, Muscatine, Iowa.*

VINYL-COATING METALS: Plain or textured metals can be spray-coated with vinyl after fabrication, eliminating the need for pre-laminated or pre-coated metal sheets. The material is sprayed only as needed with the fabricator's own spray equipment. Rejects can be stripped and resprayed. *Metal & Thermit Corp., 100 Park Ave., New York 17.*

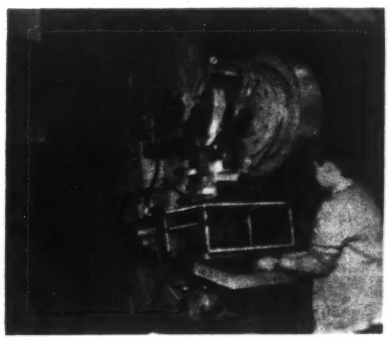


THIS MONTH: *Rugged and light transportation; more on plastics; making jobs easier and safer.*

COMPACT PRESENTATIONS: This 10½ lb. sound-filmstrip projector is said to be the lightest and most compact yet. The small package can be set up quickly for desk-top showings

on a self-contained screen or for projection on larger screens. The phonograph accepts 33⅓ or 45 rpm records. $104.50. *"Mite-E-Lite," Du Kane Corp., St. Charles, Ill.*

SAFE: When a machine operator's hand, or any foreign object enters a dangerous area, this electronic device immediately stops the machine. The device may be set to go into action



whenever desired and the guard can be adjusted to suit. *"Model 500-1B Electronic Safety Control," Security Controls, Inc., 503 Franklin St., Buffalo 2, N.Y.*

OIL STOCKS

Abandon hope— or buy more now?

The market has turned its back on the oil stocks—and rather indiscriminately.

In the face of waning hopes for individual issues, the latest Value Line analysis of petroleum stocks finds 13 to be well-deflated—their prices standing far below intrinsic values—indicating the probability of relatively strong price performance during the coming year and potentiality for further appreciation over the next 3 to 5 years!

Each of these 13 stocks now carries the Value Line's *Group 1 (Highest) Rank* for *Probable Market Performance in the Next 12 Months*—and no less than 7 rank equally high for *Appreciation Potentiality to 1963-65*.

As for the rest—careful! Recent developments have indeed conformed to the probabilities forecast in the Value Line *Fortnightly Commentary* of January 12, 1959. In this analysis the maladjustments in the petroleum industry were found to be of such a fundamental character as in all probability to influence the operating trends in the oil industry for several years to come. The situation is developing almost exactly as then foreseen and probably will continue to do so. A copy of this still-timely analysis of the petroleum industry, together with the *new* report mentioned above, will be sent to you as part of a special offer:

SPECIAL GUEST SUBSCRIPTION

To inform your judgment as to the best values among oil stocks at *this* time, we invite you to accept the special $5 offer described below. It will include, without additional charge, the new 92-page Petroleum Edition of the Value Line Survey with full-page reports on each of the 75 major Petroleum, Natural Gas and Coal stocks—each report including objective, mathematically derived *Rankings for Probable Market Performance in the Next 12 Months*, for *Appreciation Potentiality* over a 3-5 year pull, for *Yield Expectancy* in the next 12 months and for *Quality-Grade*. Among the stocks reported upon:

Atlantic Refining	*Sinclair Oil*	*Canadian Oil*
Cities Service	*Socony Mobile Oil*	*Continental Oil*
Gulf Oil	*Stand'd Oil (Cal.)*	*Getty*
Imperial Oil	*Stand'd Oil (N.J.)*	*Richfield*
Phillips Petrol'm	*Union Oil*	*Sun Oil*
Pure Oil	*Tidewater*	*Sunray*
Royal Dutch	*Texaco*	*El Paso Nat. Gas*
Shell Oil	*Amerada*	*Panhandle East'n*

Under this offer, you will also receive—by return mail and without extra charge—a copy of the *Fortnightly Commentary* of January 12, 1959, forecasting the problems of the Oil Industry which are now beginning to take shape, a copy of the Value Line's new 31-page Special Study, *"Investment Opportunities in the New Space Age"*—together with the latest Value Line *Summary of Advice on 804 Major Stocks and 50 Special Situations*, with Value Line's objective measurements of Intrinsic Value, Quality, Yield and Appreciation Potentiality. And for only $5 (just half the regular pro rata fee) you will receive (a) the next 4 *weekly editions* of the Value Line Survey with full page reports on each of 250 stocks, (b) a new *Special Situation Recommendation*, (c) a *Supervised Account Report*, (d) two *Fortnightly Commentaries*, and (e) *Weekly Supplements*. (The *annual* Subscription rate is $120.)

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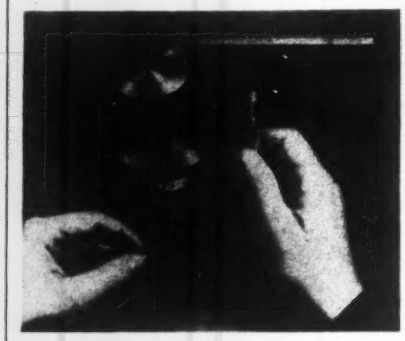

posite is made of relatively soft stainless steel impregnated with titanium carbide crystals. *"Ferro-Tic S," Chromalloy Corp., 132 Woodworth Ave., Yonkers 2, N.Y.*

PAINT AWAY NOISE: A new material when applied to ceilings, like paint, is said to be a low-cost method of cutting noise. The thick plastic emulsion, reinforced with cork and asbestos, results in a heavy-textured finish which hides imperfections in the ceiling surface. *"Hush-Tex," Preco Chemical Corp., 415 Lexington Ave., New York 17.*

IMPACT DRILL: A new masonry drill sinks holes fast with an extra push. A variable impact device strikes the rotating chuck, and a six-position dial adjustment controls the frequency of impact. Holes can be started smoothly and the impact action gradually stepped up as work progresses. *Moorhead-Crego, Inc., 645 S. Green Road, Cleveland 21, Ohio.*

ANTISEPTIC PLASTIC: A new bacteria-fighting polyethylene is effective against disease-producing "staph" organisms, according to the manufacturer. It is expected to give health protection in such products as toys, telephones, and arm rests on public conveyances. *"Surfaseptic," Dow Chemical Company, Midland, Mich.*

STRAIN INDICATOR: A new device measures the strain put on presses. Microscopic dimensional changes in the press frame under load are indi-

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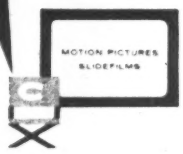

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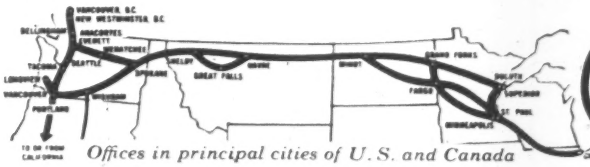

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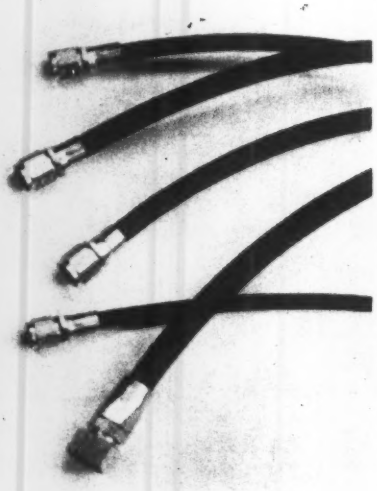
located on a dial calibrated in percentages of the rated load. The indicator is adjustable to suit varied needs. $150. *"Dial-A-Load," Lebow Associates, Inc., 14857 West Eleven Mile Road, Oak Park 37, Mich.*

AUTOMATIC LUBRICATION: A new system, when installed, will automatically lubricate up to 25 fittings on cars, trucks, and industrial equipment. It can be set to lubricate at predetermined intervals without depending on the operator. The system can be expanded to service larger equipment. *Walker Manufacturing Company, Division, Kern County Land Company, 600 California St., San Francisco 8, Calif.*

NYLON UNDER PRESSURE: Exceptional durability, non-corrosiveness, and fungus resistance are claimed for this new nylon pressure hose. It is one-fifth the weight, and has less than one-



half the wall thickness of rubber hose with equivalent burst strength. It is recommended for applications such as hydraulic, fuel, high pressure pneumatic, and air-conditioning lines. *Polymer Corp., Reading, Pa.*

AUTOMATIC CUTTING: Paper cutting can be made automatic with this new device. After the desired dimensions are fed into the programmer, the operator just turns the paper to the correct angle and operates the knife. *"Spacemastre," The Smith & Winchester Manufacturing Company, South Windham, Conn.* —E.G.

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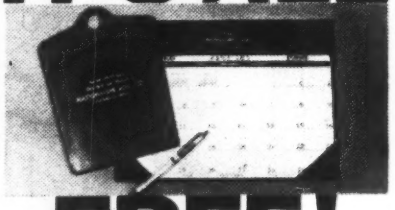

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Advertising Index

Acme Visible Records, Inc. 25
Cargill, Wilson & Acree, Inc.
American Automatic Typewriter Company 115
Frank C. Nahser, Inc.
Alva Allen Industries 128
Cooper Advertising Agency
American Credit Indemnity Company 2
VanSant, Dugdale & Co., Inc.
American Telephone & Telegraph Co. III
N. W. Ayer & Son, Inc.
Armco Drainage & Metal Products, Inc. 117
N. W. Ayer & Son, Inc.
Baltimore & Ohio Railroad 87
The Richard A. Foley Advertising Agency, Inc.
Bankers Box Company 136
Frank C. Jacobi Advertising, Inc.
Clinton M. Bell Company 24
Bermingham, Castleman & Pierce, Inc.
Beneficial Finance Co. 114
Albert Frank, Guenther Law
Bernhard, Arnold & Co. 133
Paul Murtaugh Associates, Inc.
Big Joe Manufacturing Co. 23
Raymond Wiggers
Blickman, S. 131
Hicks & Greist, Inc.
Borroughs Manufacturing Company 84
Roland G. Spedden Advertising Agency
Brooks & Perkins, Inc. 118
Clark & Bobertz, Inc.
Burroughs Corporation 38
Campbell-Ewald Company
Butler Manufacturing Company 88-89
Aubrey, Finlay, Marley & Hodgson, Inc.
Chase Manhattan Bank, The 28-29
Albert Frank-Guenther Law, Inc.
Chevrolet Motor Division—General Motors Corporation 36-37
Campbell-Ewald Company
Clark Equipment Company 77
Marsteller, Rickard, Gebhardt & Reed, Inc.
Colburn, John, Associates, Inc. 134
Frank C. Nahser, Inc.
Columbia Ribbon & Carbon Mfg. 123
E. M. Freystadt Associates, Inc.
Columbus McKinnon Chain Corporation 13
Comstock & Company
Commercial Credit Corporation 129
VanSant Dugdale & Co., Inc.
Consolidated Freightways, Inc. 30
Fletcher Richards, Calkins & Holden, Inc.
Davey Tree Expert Company 8
Meldrum & Fewsmith, Inc.
DeJur Amsco Corp. 79
Adams & Keyes, Inc.
Dictaphone Corporation 73
Young & Rubicam, Inc.
DoAll Company, The 9
The Buchen Company
Eastman Kodak Company (Verifax) 103
J. Walter Thompson Company
Eastern Express, Inc. 11
Kuttner & Kuttner, Inc.
Electric Storage Battery Co. 86
Gray & Rogers
ElectroData, Division of Burroughs Corporation 80-81
Carson & Roberts, Inc.
Ford Motor Company 19, 70-71
J. Walter Thompson Company
Friden, Inc. 66
Richard Meltzer Advertising Co.
Fruehauf Trailer Company 127
The Allman Company, Inc.
Garrett Corporation, The 67
J. Walter Thompson Company
General Precision Laboratory, Inc. 10
Gaynor & Ducas, Inc.
Gilbert Paper Company IV
Frank C. Nahser, Inc.
Graphic Systems 126
Diener & Dorskind, Inc.
Great Northern Railway Co. 135
John W. Forney, Inc.
Heller, Walter E., & Co., Inc. 104-105
Gourfain-Loeff, Inc.
Heritage Mfg. 136
Read-Poland, Inc.
Hertz Systems, Inc. 40, 102
Needham, Louis and Brorby, Inc.
Hill, R. O. H., Inc. 136
Sanger-Funnell, Inc.
H-O-N Company, The 76
Clem T. Hanson Co.
Houghton, E. F., & Co. 26-27
Beaumont, Heller & Sperling, Inc.
Hydroway Scales, Inc. 134
Sales & Merchandising Counsellors
Industrial Marking Equipment Company, Inc., The 84
Feeley Advertising Agency, Inc.
International Nickel Company, Inc., The 92
McCann-Marschalk Co.
Interstate Motor Freight Systems 91
Aves, Shaw & Ring, Inc.
Iowa Development Commission 125
The L. W. Ramsey Advertising Agency
Iselin, William, Co., Inc. 14-15
Briggs & Varley, Inc.
Kleinschmidt Division of Smith-Corona Marchant, Inc. 90
Alex T. Franz, Inc.
Lathem Time Recorder Co. 75
Adams-Allison Co., Division of Burke-Dowling-Adams, Inc.
Magline, Inc. 64, 122
Rossi and Company
Mahon, R. C., Company, The 130
Dudgeon, Taylor, & Bruske, Inc.
Manifold Supplies Co. 84
Faulkner Advertising, Inc.
Master Addresser Company 108
Wm. L. Baxter
Meirjohan-Wengler 138
L. F. McCarthy and Company
Milwaukee Stamping Company 85
Irving J. Rosenbloom Advertising Agency
Minnesota Mining & Manufacturing Company 32, 33, 34, 35, 62-63
Erwin Wasey, Ruthrauff & Ryan, Inc.
Monroe Calculating Machine Company, Inc., Division of Litton Industries 16
L. H. Hartman Co., Inc.
Mosler Safe Co., The 111
Cunningham & Walsh, Inc.
National Machine Products Co. 132
Hyatt Eby
National Truck Leasing System 119
W. S. Kirkland
National Vulcanized Fibre Co. 110
Harris D. McKinney, Inc.
Netherlands Industrial Institute 109
Mann-Ellis, Inc.
Niagara Mohawk Power Corp. 78
Batten, Barton, Durstine & Osborn, Inc.
Nordson Corp. 6
Super-Vision, Inc.
Office Products, Inc. 128
Sales & Merchandising Counsellors
Pennsylvania, Commonwealth of 134
Backman, Kelly & Trautman, Inc.
Pitney-Bowes, Inc. 7
L. F. McGivena & Co., Inc.
Philco Corporation, Government & Industrial Div. 98
Maxwell Associates, Inc.
Plasticles Corporation 100
Rossi and Company
Precision-Posturect Chair Company 113
Irving J. Rosenbloom & Associates, Inc.
Railway Express Agency 21
Benton & Bowles, Inc.
Ransburg Electro-Coating Corp. 116
H. L. Ross Advertising
Raymond Corporation, The 95
Taylor M. Ward, Inc.
Recordak Corporation, Subsidiary of Eastman Kodak Company 11
J. Walter Thompson Company
Remington Rand Division of Sperry Rand Corp. 31
Gardner Advertising Company, Inc.
Rock Island Lines 94
Aubrey, Finlay, Marley & Hodgson, Inc.
Rockwell-Standard Corporation 4
MacFarland, Aveyard & Company
Roura Iron Works, Inc. 138
Marsteller, Rickard, Gebhardt & Reed, Inc.
Royal McBee Corporation 106
C. J. LaRoche and Company, Inc.
Ryder System, Inc. 12
McCann-Marschalk Co.
Sage Equipment Co., Inc. 136
Horace A. Lancy
Seaboard Air Line Railroad 101
The Caples Company
Shaw-Walker Company 22
J. Walter Thompson Company
Shepard Niles Crane & Hoist Corporation 20
Taylor M. Ward, Inc.
Small Equipment Company 96
Larson, Huff & Northlich, Inc.
Sten-C-Labl, Inc. 121
Gibson-Erlander, Inc.
Southern California Edison Co. 99
Doremus & Co.
Southern New Jersey Development Council 137
The Cowan Advertising Agency
Stran-Steel Corporation, Div. of National Steel Corp. 68-69
Campbell-Ewald Company
Studebaker-Packard Corporation 97
D'Arcy Advertising Company
Sugar Beet Products Co. 72
Church and Guisewite Advertising, Inc.
Tel-A-Story, Inc. 138
Warren & Litzenberger
Temprite Products Corp. 124
Watkins Rogers, Inc.
Texaco, Inc. 74
G. M. Basford Company
Trailer Train Company 82
Al Paul Lefton Company
Travelers Insurance Co., The 126
Young & Rubicam, Inc.
Universal Shredder 96
Campbell Williams Advertising
Victor Adding Machine Co. 96
John W. Shaw Advertising, Inc.
Virginia Department of Conservation and Economic Development 120
Houck and Company, Inc.
Wagner Electric Corporation 125
Arthur R. Mogge, Inc.
West Chemical Products, Inc. 18, 108, 128
G. M. Basford Company
West Penn Power 65
Fuller, Smith & Ross, Inc.
West Virginia Industrial-Publicity Commission 126
Advertising, Inc.
Yoder Company, The 112
G. M. Basford Company
Zeolux Corp. 108
De Perri Advertising, Inc.

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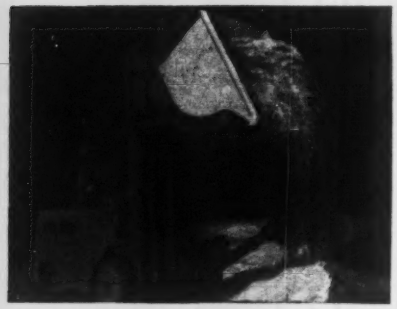

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The Reviewing Stand

"There Ought To Be a Law"

Legislation has never solved a basic problem in justice without the moral support of the citizen. Moral issues are resolved in mutual understanding, but the path to understanding takes a longer time than most of us are willing to spend.

Law, which defines principles and regulates social practice, cannot order our lives with abrupt defiance of tradition or shift in custom. This applies equally to economic, social and moral issues.

When some one, in vexation over the abuse of privilege, says "There ought to be a law. . .", it merely means that reason and emotion, or principle and tradition, are bumping heads. Legislation alone cannot take the selfishness out of the passion to win. Without a willingness to measure reason to circumstance, there can be no progress toward mutual acceptance of a peace formula in any sector of business, labor, or politics.

The one quality that motivates man's search for understanding is the desire to look at all the evidence, not just the arguments that support our own position. We need to separate our prejudices from our principles and open up the transoms of reason a little wider.

On Riding the Tailwind

A rising market always generates a favorable tailwind, which is occasionally mistaken as evidence of shrewd managerial understanding of economic forces. Actually, a generous increase in sales volume can cover up for inept, catch-as-catch-can management. It is only when sales momentum runs down that flagrant weaknesses are exposed.

The future offers no guarantee to the manager who puts his faith in the tailwind of progress. More products, more people, more disposable income are pleasant images to conjure up, but product changes, rapid obsolescence in machines and methods, and overseas competition can spell trouble for the company that lags in the over-all market appraisal of its future.

How can alert management stay ahead of the tailwind? Basically, the answer concerns *people*. What is the present status of the hands at the controls? What is the potential for replacement in the staff? How strong is the supervisory staff? What is the company's relationship with its workers? The relations of men, machines, and methods have a significance that cannot be overlooked as the American economy enters a period of stepped-up productivity.

A Crisis of Conscience

When Earl W. Kintner, Chairman of the Federal Trade Commission, addressed the Public Relations Society in New York a few weeks back, he spoke of the "crisis of confidence" resulting from the fixed quiz programs and payola scandals. Certainly we need to consider the "crisis of conscience" which is the other side of the coin. Recognizing that free competitive enterprise often tempts business men into the marginal areas of ethical conduct, Mr. Kintner called for better self-discipline within the designated bounds of good conduct that are already defined in industry codes—and, one might add, delicately hinted at in the Golden Rule.

It is refreshing to note that Mr. Kintner has been reappointed for another seven-year term as the unmuzzled watchdog of commercial ethics. An interview with Mr. Kintner by our Washington correspondent Paul Wooton, which will appear in next month's issue, should provide some refreshing candor from a man of action as well as ideas.

—A.M.S.

Profit: the Key to Telephone Progress and Low Cost

Maybe it's about time somebody stood up and said a good word about profits.

For the opportunity to earn a satisfactory profit is part of the very spirit of a free America. It is one of the basic things that have made this a great country.

Today, more than ever, the progress and prosperity of communities, states and nation are dependent on the number and the prosperity of their companies.

So the profit motive is important. Actually it is one of the great driving forces that stimulate inventions, new products, new services and new plants. And more and better jobs!

That is just as true of the telephone business as any other . . . and of added importance because of the vital nature of the service.

It is a satisfactory profit—and the hope of its continuance—that gives us the money and the incentive to go ahead on a long-pull basis instead of in a more expensive short-term manner.

It is profit that enables us to originate and take advantage of all the technological advances that improve your service and hold down the cost of providing it.

We can act instead of hesitating to act. We can go forward instead of standing still. We can move from one achievement to another in the best interest of everybody.

The evidence is overwhelming that companies that show excellent profit records do the best job for their customers and employees and, as corporate citizens, contribute the most to the community.

The day-by-day benefits for telephone users are better service at a lower price than would be possible in any other way.

WINGS FOR WORDS. It's so easy to take the telephone for granted! But what in the world would you ever do without it? All the many tasks of the day would be harder. You'd miss its priceless help and comfort in emergencies. So much would go out of your life if you couldn't reach out your hand and talk to friends and those you love.

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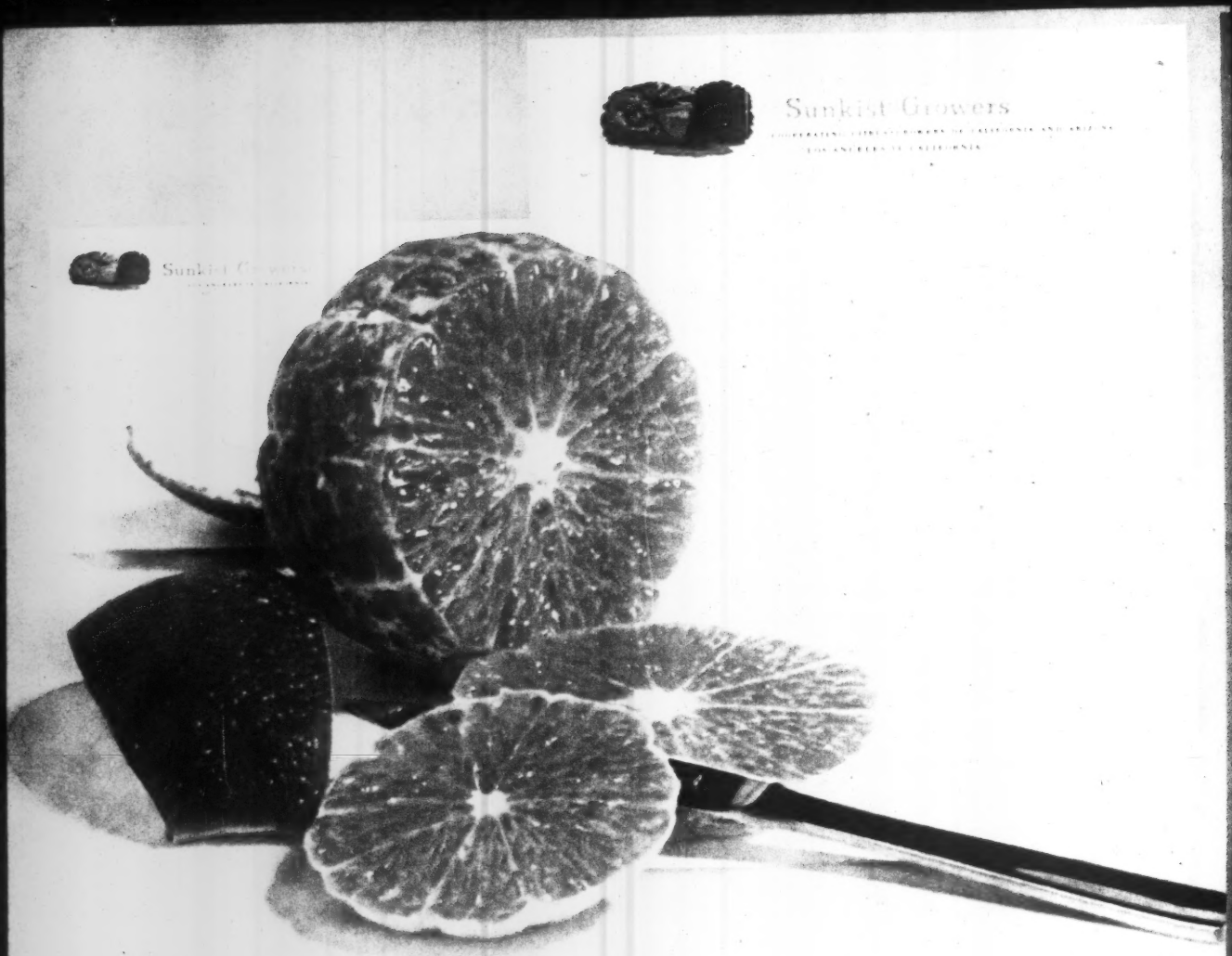

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